



# BRAZILIAN TAX REFORM **REGULATION**

DEMAREST



“This material is intended to serve as a guide to the current state of the tax reform regulation text. Therefore, it is important to emphasize that this is not the final text of the regulation. Hence, as soon as the text is approved by the Chamber and Federal Senate, and enacted, this material will need to be updated.”

# WHAT IS THE TAX REFORM?

A reform of the taxation of consumption, changing taxes and based on these principles:



simplicity



tax fairness



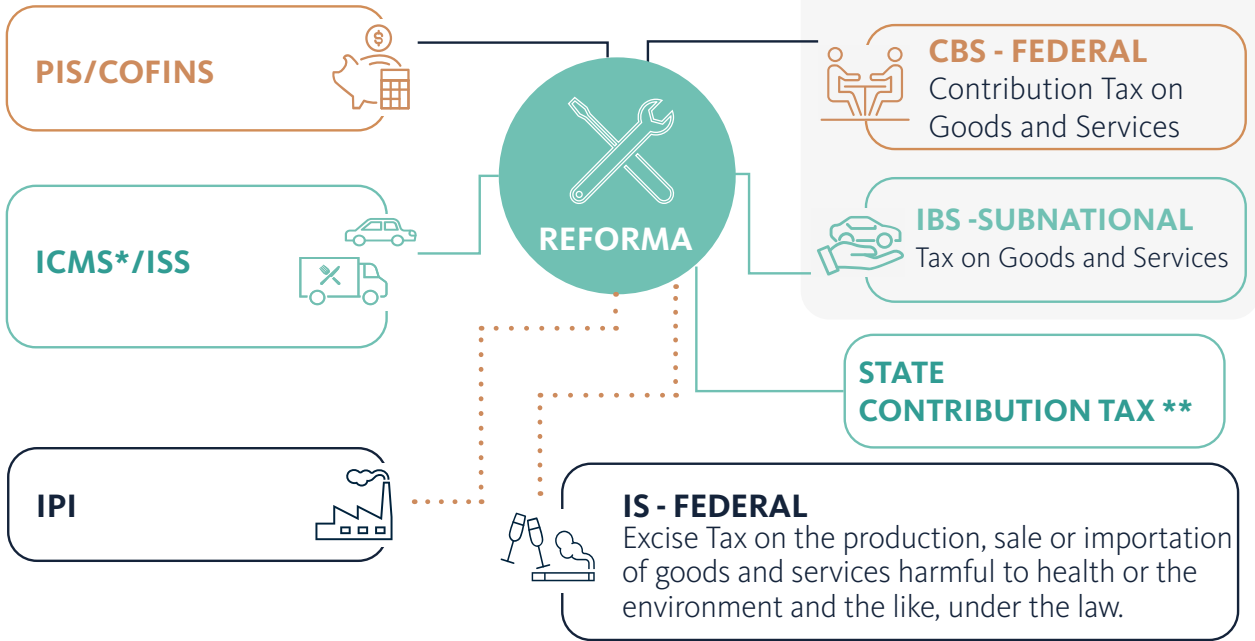
transparency



balance and environmental defense

## MAIN CHANGES

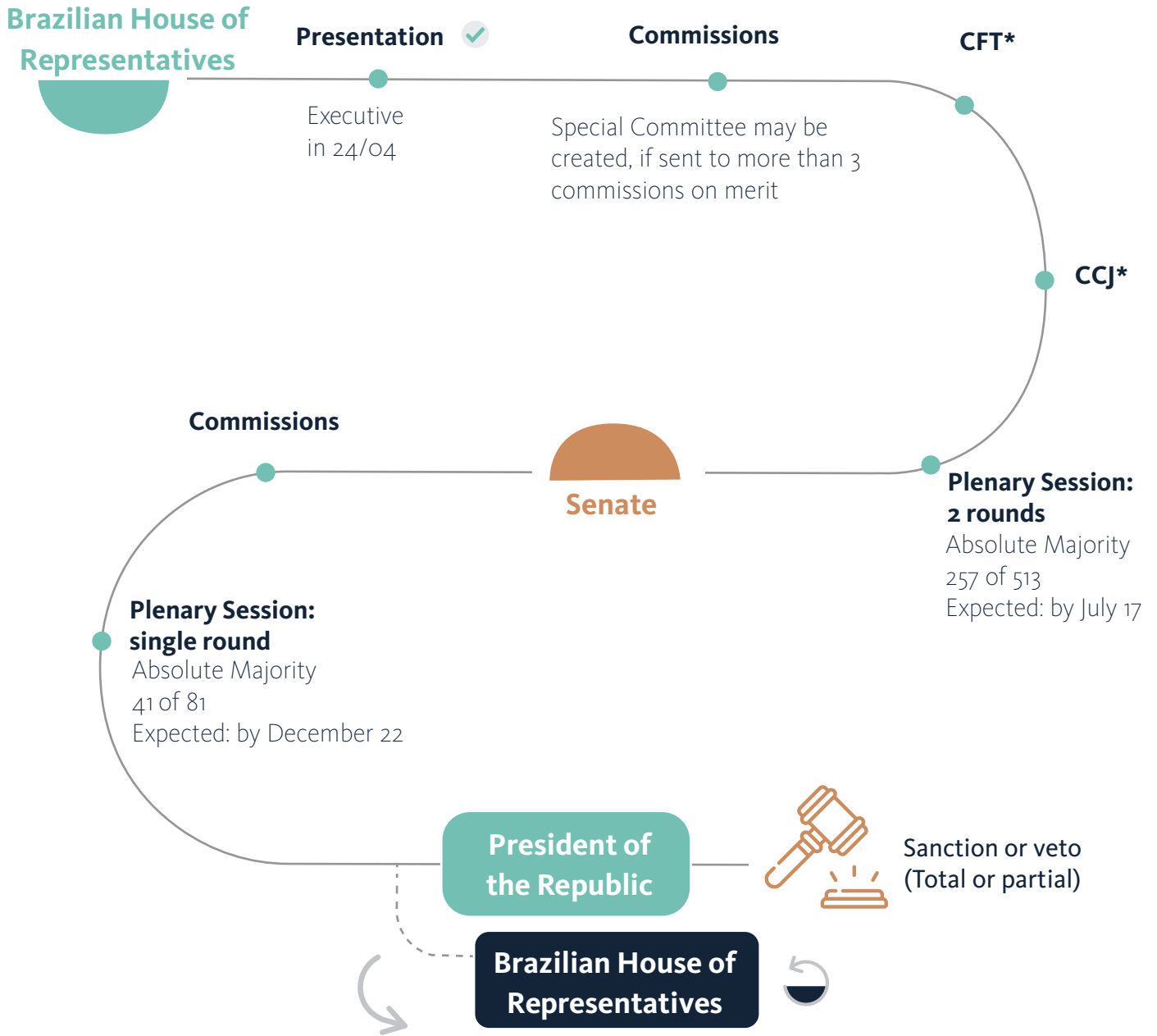
### GENERAL OVERVIEW



\* The additional ICMS surcharges allocated to the State Funds to Fight Poverty will also be eliminated.  
 \*\* Levied on primary and semi-finished products.

# PROPOSAL PATHWAY

## SUPPLEMENTARY BILL



\*Expected

In case of changes in the merit, they return to the Brazilian House of Representatives to be evaluated.  
**The initiating house has the final say. Afterwards, it is forwarded for Presidential sanction or veto.**

# IBS AND CBS TRIGGERING EVENT



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## TRIGGERING EVENT

**IBS and CBS will be levied on all onerous transactions involving goods and services.**

IBS and CBS will also be levied on non-onerous transactions involving: involving:

- Non-onerous or at lower than market value supply of goods and services for personal use and consumption
- Donation by taxpayer to related party
- Giving of gifts and bonuses.

A transaction with a service means any transactions not classified as a transaction with goods.

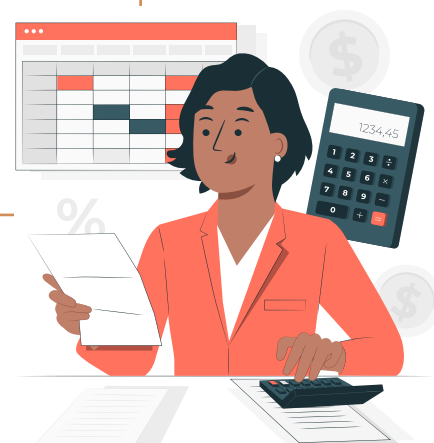
There is a list of examples of what is considered a legal act or transaction whose purpose is the supply of goods and services, such as:

- |  |  |                                  |
|--|--|----------------------------------|
| • Disposal, including purchase and sale, exchange and accord and satisfaction; | • Licensing, concession and assignment | Onerous institution of interests |
| • Rental   | • Loan                                 | • Leasing, including commercial  |
|  | • Onerous donation •                   | • Service provision              |

Given that a triggering event does not occur, IBS and CBS will not be levied on:

- |   |   |
|---|---|
| • Services provided by individuals as employees, managers or members of boards and advisory committees provided for in law;             | • Transfer of goods between taxpayer's establishments.  |
| • Transfer of equity interest, and transfer of goods as a result of consolidation, spin-off, merger, and payment and return of capital. | • Financial income – transactions with bonds or securities and receipt of dividends and other income from equity interests are not levied with IBS and CBS, with the exception of the provisions of the specific financial services regime. |

**i IBS and CBS may be levied on arrangements involving a combination of legal acts and transactions, in case they constitute, in essence, an onerous transaction involving a good or service (anti-abuse rule).**



## IMMUNITIES

### Immunity to IBS and CBS involves:

Exports of goods and services abroad.

Transactions performed:

- by the government agencies, including their independent government agencies, foundations and postal service company (reciprocal immunity);
- by religious entities and temples of any cult, including their assistance and charitable organizations (religious immunity); and
- by political parties, workers' unions and by non-profit educational and social assistance institutions.

Transactions with books, newspapers, journals, with paper intended for their printing, and with musical phonograms and video phonograms, as established in the Federal Constitution.

Provisions of communication service in the form of sound broadcasting and free and gratuitous reception of sounds and images.

Transactions with gold, when defined by law as a financial asset or exchange instrument.

Political parties, workers' unions and non-profit educational and social assistance institutions that are organized as non-profit legal entities and cumulatively comply with the legal requirements set out in article 14 of the Brazilian Tax Code. Such immunity comprises only transactions related to the essential purposes of these entities.



**Immunity does not apply to acquisitions of goods and services by entities.**

**Immune entities must carry out acts ensuring compliance with the tax legislation, including ancillary obligations.**

**Failure to comply with any of the legal requirements for enjoying immunity may justify the assessment of tax liability. .**

## MOMENT THE TRIGGERING EVENT OCCURS

The moment the IBS and CBS triggering event occurs is, as a general rule, the moment of the supply or payment, whichever occurs first.

The triggering event occurs when payment becomes due in transactions:

- with treated water, sanitation, piped gas, communication services and electric power; and
- with continuous or fractional execution where it is not possible to identify the moment of delivery or availability of the good or the end of the service provision.

Supply is considered to have occurred at the moment:

- of the beginning of transport, transport service initiated in Brazil; and
- of the end of provision, in other services.

## PLACE OF THE TRANSACTION



### TRANSACTIONS WITH TANGIBLE CHATTEL PROPERTY:

Place where the supplier delivers or makes the good available to the recipient



In a non-face-to-face transaction, meaning that in which delivery or availability to the recipient does not occur at the supplier's establishment, the place of delivery or availability will be the final destination of the good, even if transport is contracted by the purchaser or recipient.



### TRANSACTIONS WITH REAL ESTATE, INTANGIBLE ASSET RELATED TO A REAL ESTATE OR SERVICES PROVIDED ON A REAL ESTATE

Place where the real estate is located.



### SERVICE PROVIDED PHYSICALLY

Place where the service is provided.



### SERVICE PROVIDED ON TANGIBLE CHATTEL PROPERTY

Place of the service provision;



### PLANNING, ORGANIZATION AND MANAGEMENT SERVICES FOR FAIRS, EXPOSITIONS, CONFERENCES, SHOWS, EXHIBITIONS, AND SIMILAR EVENTS

Place of the event to which the service relates



### IN TRANSACTIONS WITH ELECTRIC POWER, THE PLACE OF THE TRANSACTION IS CONSIDERED TO BE:

- the place of availability, in transactions aimed at the end consumer;
- or
- the place of the purchaser's main establishment, in cases of generation, transmission, distribution or marketing.



### CARGO TRANSPORT SERVICES

Place of delivery or availability of the good to the recipient



### HIGHWAY EXPLOITATION SERVICE CHARGING A PRICE OR TOLL

The territory of each municipality and state, or the Federal District, in proportion to the corresponding length of exploited highway



### COMMUNICATION SERVICE WITH TRANSMISSION BY PHYSICAL MEANS

Place where the services are received..



### OTHER SERVICES AND OTHER INTANGIBLE CHATTEL PROPERTY, INCLUDING RIGHTS:

Place of recipient's main domicile.



For individuals, the register must consider the place of their permanent residence or, in the event of inexistence or more than one permanent residence, the place where their economic relations are most relevant.



### PASSENGER TRANSPORT SERVICE

Starting point of transportation



## CALCULATION BASE

The IBS and CBS calculation base will be the transaction amount, which comprises the full amount charged by the supplier on any account, including:

- surcharges arising from adjustments to the transaction amount
- interest;
- fines;
- surcharges and charges;
- discounts granted on condition;
- the transportation value charged as part of the transaction amount;
- taxes and public prices, including fees, except those expressly excluded; and
- all other amounts charged or received as part of the transaction amount, including insurance and fees

The IBS and CBS calculation base will not include:

- IPI;
- unconditional discounts;
- refunds or reimbursements received for amounts paid in relation to transactions for the account and order or on behalf of third parties, provided that the tax documentation relating to these transactions is issued on behalf of the third party;
- amount of ISS, ICMS, PIS and Cofins (During the transition period from January 1, 2026 to December 31, 2032)

The calculation base will correspond to the market value of the goods or services, meaning the value charged in comparable transactions between related parties, when:

- transaction value is missing;
- there is a transaction without a determined value;
- the transaction amount is not represented in cash; or
- there are transactions between related parties.



If the taxpayer contracts derivative financial instruments outside market conditions, and that conceal the transaction amount in part or in full, the earnings from the derivative will compose the IBS and CBS calculation base.

The transaction amount will be determined by the tax administration when:

- The elements necessary to prove the transaction amount are not submitted to oversight, including under allegations of loss, misplacement, disappearance or accident, in cases where:
  - the transaction is carried out without issuance of a tax document or is concealed by false or inappropriate documentation; or
  - a tax document declares an amount significantly lower than the market transaction amount;
- The statements, information or documents presented by the taxpayer or legally required third party are omitted, conflicting or do not deserve credibility.

## TAX RATES

The CBS and IBS rates will be set by specific law for each state, which will individually set its own rate, which will be considered the standard rate for transactions with goods and services in that place.

When setting its rate, each state may link it to the reference rate of the respective federative sphere, by means of an increase or decrease to the reference rate, defined in percentage points; or define it without linking to the reference rate of the respective federative sphere.

In the absence of a specific law that establishes the state rate, the

reference rate of the respective federative sphere will be applied.

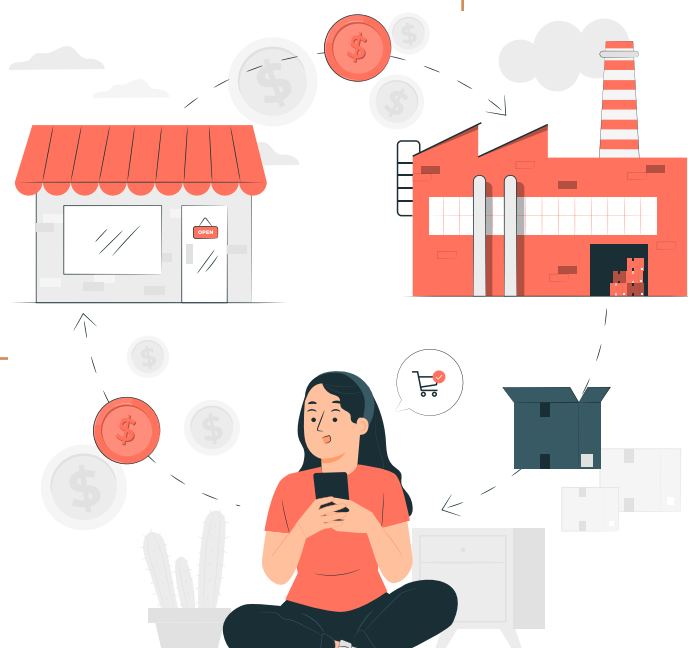
The IBS rate applied to each transaction will correspond to the sum of the state and municipal, or Federal District rates of the destination of the transaction.

The same rate will be applied to all transactions with goods and services occurring at the place of the state, with the exception of the cases provided for in the supplementary bill, for example, in specific regimes – the same rate is applied to the return or cancellation of a transaction.

The rates of IBS and CBS will be set by the Senate, which will calculate, through a resolution, the reference rate for CBS and two rates for IBS (states and municipalities):

**The rates of IBS and CBS will be set by the respective federative entities and will meet the criteria expressly defined in the terms detailed in the Title of the Project that deals with the transition to IBS and CBS. Each entity may or may not be linked to the reference rate.**

Any amendment to the federal legislation that reduces or increases the collection of CBS or IBS, including changes in the criteria for personalized cashback or in differentiated, specific or favored taxation regimes, must be offset by the increase or reduction in the CBS reference rate and the state and municipal IBS reference rates by the Federal Senate, in order to preserve the collection by federal spheres.



## TAX SUBSTITUTION

The IBS and CBS taxpayer will be:

- **the supplier that makes transactions when developing an economic activity:**
  - customarily or at volumes that represent an economic activity or
  - in a professional manner, even if the profession is not regulated; and
  - that expressly provided for in other hypotheses of the supplementary law.

The taxpayer will be required to register in the IBS and CBS registers, and will be subject to the regular IBS and CBS regime, unless in cases of exceptions.

Taxpayers opting for Simplified Taxation System (Simples Nacional) or Individual Micro Business (MEI) are subject to the rules of these regimes.

On purchase of a good through bidding process or public auction, the purchaser is the taxpayer.

Digital platforms, even if domiciled abroad, are liable for the payment of IBS and CBS relating to transactions they carried out, jointly and severally or in substitution of the supplier, depending on its place in the country or abroad.

A digital platform is considered to be one that acts as an intermediary between suppliers and purchasers in transactions carried out non face-to-face or electronically, and controls one or more of the essential elements of the transaction, such as collection, payment, definition of terms and conditions, or delivery.

A digital platform is not considered to be one that only provides internet access, payment processing, advertising or search or comparison of suppliers, as long as it does not charge for the service based on sales made

**The following unincorporated entities are not IBS and CBS taxpayers:**

- Condominium
- Consortium
- Unincorporated joint venture

## PAYMENT

Taxes can be paid through the following methods:

- offset against IBS and CBS credits recorded by the taxpayer;
- payment by the taxpayer, including upon collection;
- payment on financial winding up of the transaction (split payment);
- payment by the purchaser themself; and
- tax collection by the competent party, under the terms of the supplementary bill.

## NON-CUMULATIVENESS

Taxpayers enrolled in the regular regime will be able to record credit **on payment** of IBS and CBS amounts levied on transactions in which there is a purchaser of a good or service, except exclusively for transactions considered as personal use or consumption and other hypotheses provided for in the supplementary bill in cases of exemption and immunity and specific regimes.

Credit recording will be carried out separately for IBS and CBS. In any event, the offsetting of IBS credits against CBS amounts due and offsetting of CBS credits against IBS amounts due will be prohibited. The credit recording is conditional on proof of the transaction by means of an appropriate and trustworthy electronic tax document.

The purchaser must reverse the recorded credit in the case the purchased good perishes, deteriorates or is the subject of robbery, theft, or misplacement.

IBS and CBS credit recording is prohibited in the acquisition of the following goods and services, as for personal use and consumption, except when necessary for performance of transactions by taxpayer:



Jewelry, precious stones and metals



Tobacco derivatives



Works of art and antiques of historical or archaeological value



Weapons and ammunition



Alcoholic beverages



Recreational, sporting and aesthetic goods and services

Immune, except or zero rate transactions will not allow the credit recording for use in subsequent transactions.

In the event of deferral or suspension, credit recording will only be allowed at the time of effective payment.

Immunity and exemption will entail cancellation of the credit relating to previous transactions.

In the case of transactions subject to zero rate, the credit relating to previous transactions will be maintained.

The right to use the credits expires after a period of five years, counted from the last day of the calculation period in which the credit was recorded.

The transfer of IBS and CBS credits on any account to another person or unincorporated entity is prohibited.

In case of undue payment, the IBS and CBS refund will only be due to the taxpayer when:

- the transaction has not generated credit for the purchaser of the goods or services; and
- the provisions of Article 166 of the Brazilian Tax Code is complied with.

## DO FORNECIMENTO DE BENS E SERVIÇOS PARA USO E CONSUMO PESSOAL

IBS and CBS will be levied on the non-onerous or at lower than market value supply of goods and services for personal use and consumption by individuals in situations delimited in the supplementary law.

are considered goods and services supplied for personal use and consumption.

 Availability of real estate, vehicles and communication equipment,

 communication services,

 healthcare services,

 education,

 food and beverage

 insurance

Those goods and services used exclusively in the economic activity of the taxpayer are not considered goods and services for personal use and consumption and criteria for this determination will be established in regulation.

## GOVERNMENT PROCUREMENTS

The IBS and CBS rates will be reduced in proportion to a reductor in uniform manner, in procurements of goods and services by the direct government agencies, independent government agencies and public foundations.





**THE OPERATIONALIZATION  
OF IBS AND CBS**

## INTEGRATED SOLUTIONS

The IBS Management Committee and the Federal Revenue Office will work together to implement solutions related to IBS and CBS management, including through a unified platform.

Electronic tax documents will be shared among all states.



### Register with Single Identification

Mandatory register with single identification:



Pessoas físicas - CPF



Pessoas jurídicas - CNPJ



Imóveis urbanos e rurais -  
Cadastro Imobiliário Brasileiro (CIB)



Entidades sem  
personalidade jurídica



### Electronic Tax Document

Mandatory issuance of IBS and CBS electronic tax document by taxpayer:



transactions with goods and services, including imports, and with immune, exempt, zero rate or suspended obligations; and



transfer of goods between establishments of the same taxpayer



### Calculation

Monthly or shorter period.

Consolidation of transactions of all establishments of taxpayer

Payment of IBS and IBS and request for reimbursement – centralized in a single establishment.

Calculation relating to specific taxation regimes defined case by case, with application of the general regulation where applicable.

Separate calculation of IBS and CBS balance:



When positive: payment by the taxpayer.



When negative: reimbursement or offset.

Definitions in regulation:



possibility of a reduced calculation period;



deadline for completion of the calculation;



period of calculation;



due date.

Assisted calculation: A pre-filled in calculation made available by the IBS Management Committee and the RFB, which can be adjusted by the taxpayer, may be used.



## PAYMENT METHODS

Untimely payment – application of late payment fine of 0.33% per day of delay, limited to 20%, and late default interest, calculated based on the Selic rate.

Possibility of automated recognition, via direct debit.

### Payment on financial winding up (split payment):

- The IBS Management Committee will regulate the possibility for payment service providers (credit card, pix, bank slip, TED) to segregate and pay IBS and CBS amounts to the public treasury at the time of financial winding up, according to the transaction information contained in the document.
- Digital payment means must be adapted, so that in payment transactions related to transactions with goods or services, there is a link between the transaction information and the tax documents relating to the transactions and, as the case may be, the IBS and CBS amounts.

### Payment by the purchaser:

- The purchaser may use a payment instrument that does not allow the segregation and collection of IBS and CBS amounts via split payment, for:
  - Payment of the respective transactions.
  - If a surplus – payment of unpaid debts in the previous calculation period or in the next calculation period.
  - If a surplus – credited to the taxpayer's account within 3 business days.
- It does not rule out the supplier's responsibility.

## REIMBURSEMENT

Full or partial reimbursement when a credit balance is determined at the end of the calculation period.

It may be requested until the end of the calculation.

If not requested or partially requested – use via offset.

Deadlines for examination of the requested reimbursement by the Management Committee (IBS) and the RFB (CBS):

- **60 days from the end of the calculation of credits arising from:**
  - acquisition of goods and services for fixed assets;
  - requests that are compatible with the taxpayer's standard of transactions, using as a ceiling 150% of the average credit balances accumulated over the last 24 months (with possible adjustments in view of seasonality) – aimed at companies that usually have a credit balance (exporters or companies that operate with products with zero or reduced rates).
- **270 days for other cases.**

Reduction in the term for examination of reimbursement for eligible companies in compliance programs.

As from examination/approval of the request, reimbursement within 15 days.

Credits will not be reimbursed during an oversight period.

Reimbursement does not rule out the possibility of inspection of reimbursed credits.

Adjustment by the Selic rate as from the 76th day after the end of the calculation, until the day preceding the reimbursement.

## TAX CITIZENSHIP INCENTIVE PROGRAMS

Possibility of institution by the IBS Management Committee and the RFB of programs fostering demand of tax documents by consumers

Financing for an amount equivalent to up to 0.05% of IBS and CBS collections.





# IBS AND CBS ON IMPORTS



## GENERAL PROVISIONS

IBS and CBS will be levied on imports of goods and services from abroad, whatever their purpose is.

Taxes will be levied even if the import is carried out by those not registered or not required to register in IBS and CBS regular regime.

Except in specific cases, imports will be subject to IBS and CBS general provisions regarding onerous transactions with goods or services.



## IMPORT OF INTANGIBLE GOODS AND SERVICES

### Concepts

Import of service is considered as the provision by a resident or domiciled abroad that is:



- executed in Brazil;
- executed abroad for consumption in Brazil;
- related to real estate or chattel property located in Brazil; or
- related to a chattel property that is sent abroad for execution of service and returns to Brazil after its completion.

Import of intangible goods, including rights is considered as the supply by a resident or domiciled abroad to:



- a resident or domiciled in Brazil; or
- for consumption in Brazil.

The consumption of services and intangible goods occurs in the use, exploitation, employment, enjoyment or access.



### Triggering event, calculation base and rate

The general rules for IBS and CBS levy are applicable.

Intangible goods, including rights, and services whose value is included in the customs value of imported tangible goods are subject to IBS and CBS levy, according to the tangible goods import rules.

### Taxpayer

According to the general rules, a supplier residing or domiciled abroad is an IBS and CBS taxpayer, subject to the liability of digital platforms for imports carried through their intermediation.

### Liable party

Joint and several liability of:

- purchaser, for payment of IBS and CBS from a supplier resident or domiciled abroad; or
- recipient of transactions in Brazil, if the purchaser is resident or domiciled abroad.

### Credit

the taxpayer subject to the regular IBS and CBS regime may record and use the credit, according to the general rules.

## IMPORT OF TANGIBLE GOODS

### Triggering event

Is the entry of goods of foreign origin into the national territory, which happens at the time:

Of release of goods submitted to clearance for consumption.

- Clearance for consumption is the customs clearance to which the imported goods are submitted definitively.
- Applicable even to the clearance for consumption of goods under suspensive taxation regime and goods in international postal shipments or carried by a traveler, subject to the common taxation regime.

The release of goods subject to the special customs regime of temporary admission for economic use.

The assessment of the corresponding tax liability, in case of goods:

- included in the concept of accompanied or unaccompanied baggage;
- that are included in a manifest or other declarations of equivalent effect, and whose misplacement has been verified by the customs authority;
- imported items that have not been subject to an import declaration.

### Import place

Corresponds to:

- place of delivery of goods, including in international shipment;
- main domicile of the purchaser of goods in bonded warehouse; or
- place where the misplacement occurred.



### Calculation base

It is the customs value plus:

- Importation Duty.
- Selective Tax – IS.
- Siscomex usage fee.
- Merchant Marine Renovation Freight Surcharge (AFRMM)
- Contribution of Intervention in the Economic Domain - CIDE - Fuels
- Antidumping and/or countervailing rights.
- Safeguard measures.
- Any other taxes, fees, contributions or rights levied on imported goods until their release.

Amounts expressed in foreign currency must be converted into national currency at the foreign exchange rate used to calculate the import duty, without any subsequent adjustment resulting from any foreign exchange variation.

- In the event that the import duty is not due, the foreign exchange rate to be used is the rate that would be used if there were a taxation.

### Taxpayer – Common taxation regime

It will be considered:

- the importer, meaning any person carrying out the entry of tangible goods of foreign origin into the national territory; and
- the purchaser of goods in bonded warehouse).
- When importing on behalf of third parties, the importer will be the purchaser.

### Taxpayer - International shipment of tangible goods

In international shipments, the taxpayer will be the supplier of tangible goods of foreign origin, even if resident or domiciled abroad.

If tangible goods are sent to Brazil by an individual without the intermediation of a digital platform, the recipient of the international shipment indicated by the respective sender will be a IBS and CBS taxpayer.

### Liable party – Common taxation regime

Liable parties in substitution of taxpayer:

- **carrier**, in relation to goods coming from abroad, or under customs control, that it transports, when the misplacement is found until completion of the unloading of the goods at the bonded place or warehouse;
- **depository**, in relation to goods coming from abroad that are under customs control and in its custody, when misplacement is found after completion of the unloading at the bonded place or warehouse
- **the beneficiary of a special customs regime** that has not carried out the entry of foreign goods into national territory; and
- **the beneficiary that gives rise to non-compliance with the application of a suspensive customs regime intended for industrialization for export**, in case of admission of goods into the regime by another beneficiary, upon its approval, to carry out the stage of the industrial chain of the product to be exported.



Jointly and severally responsible parties:

- **the person who registers**, in their name, the import declaration for goods of foreign origin acquired abroad by another person;
- **the pre-determined orderer** that purchases goods of foreign origin from an importing legal entity;
- **the representative** in Brazil of the foreign carrier;
- **the shipper**, multimodal transport operator or any subcontractor for the multimodal transport; and
- **the borrower of the service or client** of the vessel or aircraft charter in an international contract, in relation to goods admitted under a special customs regime by a third party.



### Liable party – International shipment of tangible goods

- The digital platform will be liable in substitution of taxpayer, for the payment of IBS and CBS relating to tangible goods in the international shipment whose transaction was carried out through its intermediation.
- The recipient of an international shipment is jointly and severally liable if
  - (i) the supplier resident or domiciled abroad is not registered; or
  - (ii) the taxes have not been paid by the taxpayer resident or domiciled abroad, even if registered, or via a digital platform.

### Registration – Common taxation regime

The taxpayer, the liable party by substitution and the jointly and severally liable party must be registered to fulfill the obligations related to IBS and CBS on imports subject to the common taxation regime and in the shipment of tangible goods, pursuant to the regulation.

### Payment

The IBS and CBS due on imports of tangible goods must be paid until delivery of the goods submitted to clearance for consumption, even if this delivery occurs before the goods are cleared by the customs authority.

- Taxes will be due regardless of the purpose of the imported goods.

The taxpayer may choose to anticipate payment of IBS and CBS to the time of registration of the import declaration.

The regulation may establish hypotheses where IBS and CBS payment may occur at a moment after delivery of goods submitted to clearance for consumption, for taxpayers certified in the Brazilian Authorized Economic Operator Program established according to specific legislation.

### Credit

Taxpayers of IBS and CBS on imports and purchasers of goods taxed under the international shipping regime, when subject to the IBS and CBS regular regime, may record and use credits corresponding to the IBS and CBS amounts effectively paid on the import of tangible goods.



A composite image representing global trade and logistics. In the foreground, a white semi-truck with a red trailer is parked on a paved surface. To the left, a large cargo ship is docked, with stacks of colorful shipping containers visible. In the background, a large commercial airplane is in flight, and port infrastructure like cranes and yellow gantries is visible. The entire scene is overlaid with a semi-transparent dark green filter.

# IBS AND CBS ON EXPORTS

## GENERAL PROVISIONS

### Immunity

Exports of goods and services abroad will be **immune to IBS and CBS**.

### Credit

The exporter will be ensured of the use of credits relating to transactions where exporter is the purchaser of goods or services, subject to the prohibitions on recordings of credit provided for in the IBS and CBS general rules.

## EXPORTS OF INTANGIBLE GOODS AND SERVICES

### Concepts

An export of service for a resident or domiciled abroad is considered as such:

- whose execution or consumption takes place abroad;
- related to tangible chattel property that enters Brazil to provide the service and returns abroad after its completion, subject to the term established in the regulation;
- related to real estate located abroad.

An export of intangible goods, including rights, is considered to be the supply to a resident or domiciled abroad, for consumption abroad.

The consumption of services and intangible goods occurs in the use, exploitation, employment, enjoyment or access.

In the event that the supply of services or intangible good, including rights, are supplied simultaneously in the national territory and abroad, only the portion whose execution or consumption occurs abroad will be considered an export.

## EXPORT OF TANGIBLE GOODS

### Immunity – With physical exit of the tangible good

The general rule on immunity is applied in the export of goods abroad.

### Immunity - No physical exit of tangible good

Further to the rule on immunity for exports of goods abroad and leaving the national territory, exports of goods without leaving the national territory are immune to IBS and CBS, when the exported goods are:

- Fully incorporated into the good which is temporarily in the Country and owned by the foreign purchaser, including under a temporary admission regime under the responsibility of a third party.
- Delivered to a direct administration agency, independent agency or foundation of the Federal Government, States, Federal District or municipalities, in compliance with a contract resulting from an international bidding process;
- Delivered in Brazil to an agency of the Ministry of Defense, to be incorporated into a product of interest to the national defense, under construction or manufacture in the national territory, as a result of an international contract.
- Delivered to a national company authorized to operate the duty-free store regime.
- Sold to a company based abroad, when concerning an aircraft manufactured in Brazil and delivered to a regular air transport service provider based in the national territory.
- Delivered in Brazil to be incorporated into a vessel or platform under construction, or conversion contracted by a company based abroad, or into their modules, with subsequent destination for oil, natural gas and other fluid hydrocarbon exploitation, development and production activities provided for in specific legislation.
- Intended exclusively for oil, natural gas and other fluid hydrocarbon exploitation, development and production activities, provided in the specific legislation, when sold to a company based abroad and as defined in specific legislation, even when done by a third party based in Brazil.



# IBS AND CBS MANAGEMENT





**REGULAMENTOS**



**IBS Regulation**  
IBS Management Committee



**CBS Regulation**  
Executive Branch



**Provisions common to both taxes**  
Joint Act of the Management Committee and Executive Branch

**HARMONIZATION**

Harmonization of rules, interpretations, ancillary obligations and procedures:



**IBS Management Committee, RFB and PGFN.**

IBS and CBS harmonization:

**Harmonization Committee of Tax Administrations:**



**Four representatives RFB**

Responsible for standardizing the regulation on interpretation of the IBS and CBS legislation, prevent litigations and resolve on ancillary obligations and common procedures



**Four representatives IBS Management Committee**



**Four representatives PGFN**

Advisory agency responsible for analyzing relevant and widespread IBS and CBS legal controversies

**Forum for Legal Harmonization of the Offices of the Attorneys General:**



**Four representatives Offices of the Attorneys General**

- two state or DF prosecutors and
- two municipal or DF prosecutors

**OVERSIGHT AND ASSESSMENT**

Oversight of compliance with the main and ancillary obligations, as well as the assessment of the tax liability related to:

- CBS: RFB tax auditor
- IBS: tax authorities belonging to the state, Federal District and municipal governments.

For the assessment of the tax liability resulting from a tax procedure by assessment by the tax authority on his own initiative, the Tax Auditor of the Federal Revenue Office or the tax authority of the State, Federal District and Municipal tax administrations must issue the tax deficiency notice

The evidence may be shared between the states in a shared environment.

Agreements may be signed between the states for mutual delegation of IBS and CBS

oversight activities.

The states may enter into an agreement for mutual delegation of the judgment on administrative litigation.

Acts of the proceeding will be notified through DTE, including in case of a notification on an attorney-in-fact.

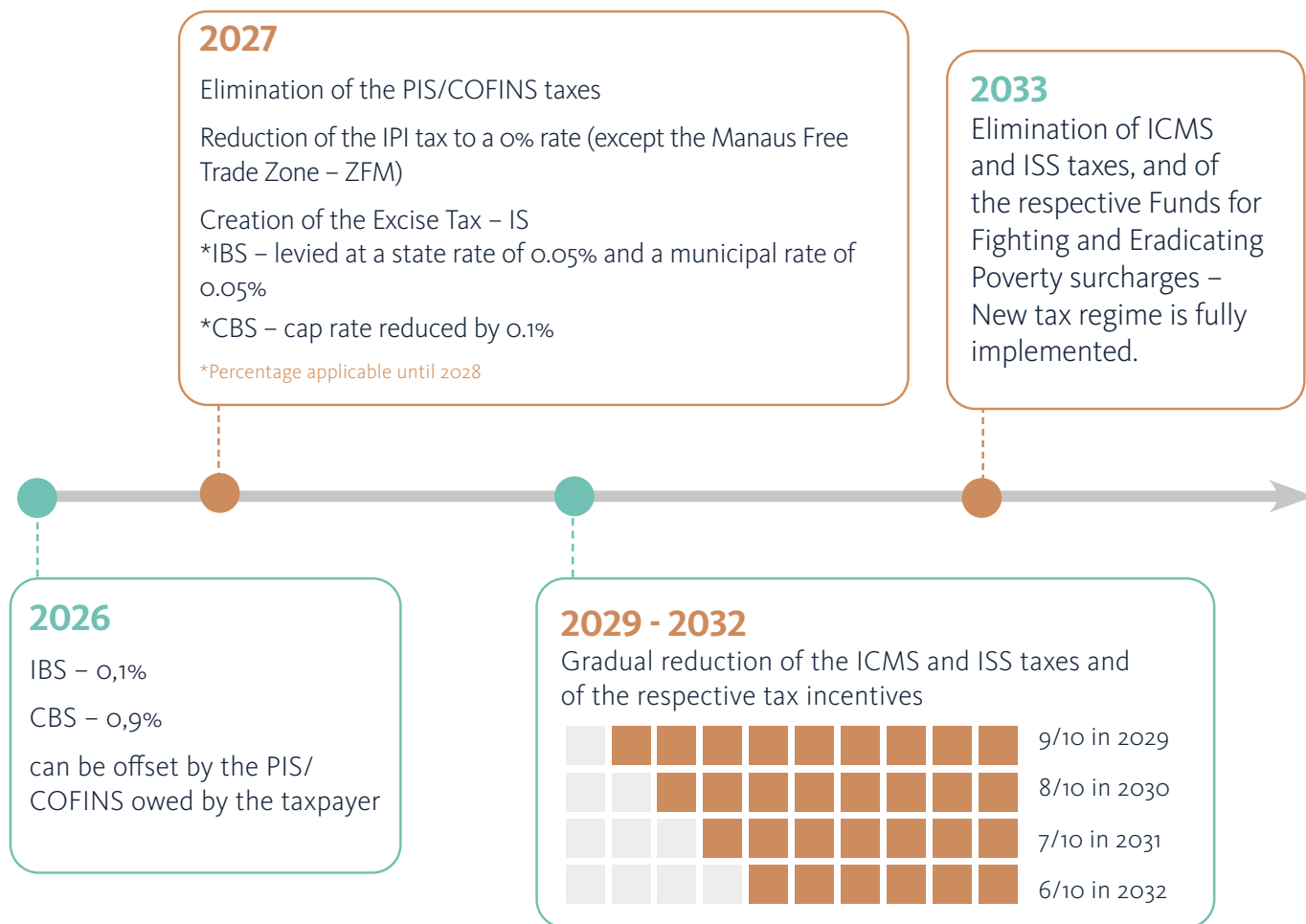


Legal presumptions of omitted revenue or occurrence of transactions subject to CBS and IBS levy, provided for in supplementary law. the RFB and State, Federal District and Municipal tax administrations may determine a Special Oversight Regime - REF for compliance with tax obligations, in the hypotheses provided for in supplementary law.

A close-up photograph of a person's hands. The left hand holds a silver pen, and the right hand points to a document. A tablet is visible in the foreground, and another document is in the background. The entire image has a dark blue overlay.

# TRANSITION TO IBS AND CBS

## REGIME DE TRANSIÇÃO



## EVOLUTION OF RATES

Ano	IBS	ICMS/ISS Reduction	CBS
2026	0,1%	-	0,9%
2027	0,5%	-	Rate Re.
2028	0,5%	-	Rate Re.
2029	Rate Re.	10%	Rate Re.
2030	Rate Re.	20%	Rate Re.
2031	Rate Re.	30%	Rate Re.
2032	Rate Re.	40%	Rate Re.
2033	Rate Re.	-	Rate Re.
2034	Rate Re.	-	Rate Re.
2035	Rate Re.	-	Rate Re.

Rate estimated by the Treasury Ministry

**26,5%**

## IBS/CBS – TRIGGERING EVENTS IN 2026



### Rate

- IBS will be charged by applying the state rate of 0.1% , and CBS will be charged by applying the rate of 0.9%.
- The IBS and CBS rates:
  - will be applied with the respective reduction in case of transactions subject to reduced rate, within the scope of differentiated taxation regimes;
  - will be applied in relation to the specific regimes addressed in the supplementary bill, subject to the respective calculation base, except in relation to fuels and biofuels;
  - will not be applied in relation to transactions by taxpayers opting for Simples Nacional;



### Waiver

- A joint act of the IBS Management Committee and the RFB may waive payment related to triggering events of 2026 regarding taxpayers that comply with the ancillary obligations provided for in the legislation.
- The waiver may be differentiated by taxation regime, company size and economic sector.
- The taxpayer waived of payment remains liable to pay PIS/Cofins in full.



### Offset

- The collected IBS and CBS amount will be offset against the PIS/Cofins amount due in the same calculation period.
- If taxpayer does not have sufficient debts to offset, the amount paid may be:
  - offset against any other federal tax, according to the legislation; or
  - reimbursed within 60 days, upon request.



### Application of the collection

- During 2026, IBS collection will not comply with the linking, allocations and distributions provided for in the Federal Constitution, and must be fully and successively applied for:
  - the financing of the IBS Management Committee, in an amount corresponding to 60% of the proceeds from the IBS collection; and
  - compose the ICMS Fund for Offset of ICMS Tax or Financial-tax incentives, regarding the surplus amount.

## IBS – TRIGGERING EVENTS BETWEEN 2027 AND 2028



### Rate

- IBS will be charged at the state rate of 0.05% and at the municipal rate of 0.05%.



### Proportional reduction

Said rates will be applied:

- with the respective reduction, in case of transactions subject to reduced rate within the scope of differentiated taxation regimes;
- in relation to the specific regimes under PL 68/24, subject to the respective calculation base, except in relation to fuels and biofuels.





### GENERAL ASPECTS OF REFERENCE RATES

The methodology to be used to calculate the reference rates will be prepared by the IBS Management Committee and the Executive Branch of the Federal Government, within the scope of their respective authorities, based on the criteria contained in the supplementary bill itself. The Federal Accounting Court will have the prerogative to approve this methodology.

Depending on the availability of information, calculations for setting the reference rate will consider IBS and CBS revenue broken down between:

- the revenue from transactions and imports subject to the general collection regime (including transactions and imports subject to the standard rate and reduced rates of 40% and 70% of the standard rate);
- the revenue from transactions and imports levied based on each specific taxation regime;
- the revenue from transactions levied by the Simples
- Nacional regime;
- the revenue earned by each sphere of the federation from government procurements;
- the amount of reduction in revenue resulting from the grant of presumed credits and the general return of IBS and CBS to individuals (cashback);
- other factors not previously listed that increase or reduce IBS and CBS revenue, broken down by category.



### CBS – REFERENCE RATE

The calculation of the CBS reference rate for each year in effect from 2027 to 2033 will be carried out based on:

- the Federal Government’s reference revenue in previous base years
- the estimate of which the CBS revenue would be if the reference rate, the rates of the specific regimes and the CBS legislation in the year in force were applied to each base year; and
- the estimates of what the revenue from Selective Tax and IPI would be if the rates and legislation on such taxes were applied in each base year.

Once the conceptual foundations are established, the regulation details the criteria to be used regarding the reference rate of CBS applicable to the period from 2027 to 2033.

The CBS reference rate in force in 2034 and 2035 will be the same as that set for 2033.

In relation to triggering events occurring from 2027 to 2028, the reference rate set for CBS will be reduced by 0.1 percentage point (article 335).



### IBS – REFERENCE RATE

Similarly to CBS, the calculation of the state and municipal IBS reference rates for each year from 2029 to 2033 will be carried out based on:

- the reference revenue of the respective sphere of the federation in previous base years; and
- the estimate of which the IBS revenue would be if the reference rate, the rates of the specific regimes and the IBS legislation in the year in force were applied to each base year;

The IBS reference rate in force in 2034 and 2035 will be the same as that set for year 2033.

### ICMS/ISS – TRIGGERING EVENTS BETWEEN 2029 AND 2032

**Rates** – LC 87 and LC 116 were amended to determine that the ICMS and ISS rates in force in the states, municipalities and the Federal District on December 31, 2028 will be reduced at the following proportions:

	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
	<b>10%</b>	<b>20%</b>	<b>30%</b>	<b>40%</b>

The reduction in ICMS rates will be applicable even in interstate transactions and with fuels subject to the single-phase regime.

**Tax benefits** – The reduction in ICMS and ISS tax benefits will be proportional to the reduction in rates.

The percentages and other parameters used to calculate ICMS and ISS tax benefits:

- Will be maintained in full if the benefit is reduced proportionally due to the reduction in rates; or
- Will be reduced in proportion to the reduction in rates, if the benefit is not reduced due to the reduction in rates. In case of ICMS, Confaz was given the responsibility to establish the subject in this scenario. Confaz’s resolutions in these cases will be approved by a simple majority of votes.

# REBALANCING LONG-TERM CONTRACTS

## REBALANCING LONG-TERM CONTRACTS



Contracts signed by the direct or indirect government agencies, including public concessions, will be adjusted for purposes of providing economic-financial rebalancing due to the change in the contractor's effective tax burden in cases of proven imbalance, considering:



Effects of IBS and CBS non-cumulativeness



Possibility of passing on the burden to third parties



Impacts of the tax transition period



Tax or financial benefits



The provision regarding rebalancing will also be applied to contracts in which there is a risk matrix regarding supervening tax impacts.



The contractor may, through a specific administrative procedure, request the reestablishment of economic-financial balance.





## USE OF PIS AND COFINS CREDIT BALANCE



PIS and Cofins credits, including presumed credits, not recorded or not used until the date of their dissolution (2027):



will remain valid and usable, maintaining the elapse of the period for their use;



must be duly recorded in the bookkeeping environment;



may be used for offset against the CBS amount due;



may be reimbursed in cash or offset against other federal taxes, as long as they meet the requirements for use.



Goods received as return as of January 1, 2027, relating to sales made prior to said date, will be entitled to CBS credit recording.



The taxpayer subject to the regular CBS regime may record the presumed credit on the inventory of tangible goods existing on January 1, 2027, in the hypotheses defined by the supplementary law.

# USE OF PIS AND COFINS CREDIT BALANCE



**CRITERIA, LIMITS AND PROCEDURES  
RELATED TO OFFSET OF TAX OR  
FINANCIAL-TAX BENEFITS OF ICMS**

▼ 46.50



## CRITERIA, LIMITS AND PROCEDURES RELATED TO OFFSET OF TAX OR FINANCIAL-TAX BENEFITS OF ICMS



Holders of ICMS-related onerous will be offset by funds from the Fund for Offset of Tax Benefits established due to the reduction in the level of these benefits in the period from January 1, 2029 to December 31, 2032, according to the criteria and limits for calculation of the level of benefits and their reduction.



The benefits must have been previously validated, pursuant to LC 160/2017.



Offsets of onerous benefits will be under the authority of the RFB, which will regulate the method for return and procedural aspects.



The taxpayer must prove the claim to the amount of credit, except for those that already provide for an offset mechanism under the EC 132/2023.



The qualification will be subject to the applicant's opportunity to be heard in case of full defense in the event of denial, suspension or cancellation.



The economic quantification of the tax benefit must be reported monthly in the applicant's fiscal bookkeeping for purposes of recognition, demonstration and review of the calculated credit.



The funds will be delivered to the beneficiary within 60 days, subject to adjustment by the Selic rate if payment occurs on a date after this term.



If an undue payment occurs, the beneficiary must reverse it with the amount updated at the Selic rate as from the first day of the month following receipt. Payment will also be subject to credit withholding and issuance of tax deficiency notice, with a 20% fine and complaint for criminal purposes if the refund is not made.



The list of beneficiaries and amounts paid will be made public and published monthly by the RFB.



**EXCISE TAX**

A close-up photograph of a hand using a calculator. The scene is dimly lit with a strong blue color cast. The hand is positioned over the calculator, with the index finger resting on a button. The background is blurred, suggesting an office or financial setting.

**EXCISE TAX**

Will be levied on production, extraction, sale or import of goods harmful to health or the environment, namely:

-  vehicles;
-  vessels and aircraft;
-  tobacco-related products;
-  alcoholic beverages;
-  sugary drinks; and
-  extracted mineral goods.

Single-phase levy.

Any type of credit recording will be prohibited.

Administrative litigation over the Excise Tax will follow the procedure currently adopted for federal taxes (DRJ and Carf).

Specific regulation will be enacted by the Executive Branch.

**Triggering event:**

-  First sale of the good.
-  Purchase in public auction.
-  Non-onerous transfer of extracted or produced mineral good.
-  The incorporation of the good into fixed assets.
-  The export of extracted or produced mineral goods.
-  The consumption of the good by the extractive producer or manufacturer.
-  Import, except intangible goods and services.

**Non-levy:**

-  Exports, except those of extracted or produced mineral goods.
-  Electric power and telecommunications.
-  Goods and services with a 60% reduction in rate:
  -  Education services.
  -  Healthcare services.
  -  Medical devices.
  -  Accessibility devices for people with disabilities.
  -  Medicines.
  -  Basic menstrual healthcare products.
  -  Food for human consumption.
  -  Personal hygiene and cleaning products mostly consumed by low-income families.
  -  Agricultural, aquaculture, fishing, forestry and in natura plant extractive products;
  -  Agriculture and aquaculture inputs.
  -  National artistic, cultural, event, journalistic and audiovisual productions.
  -  Institutional Communication.
  -  Sporting activities.
  -  Goods and services related to national security and sovereignty, information security and computer security.
-  Collective public passenger transportation.
-  Supply of goods for the specific purpose of export to a commercial export company (except extracted mineral goods).

### Calculation base

- Value at sale.
- Purchase value at public auction.
- Reference value in the non-onerous transaction or consumption of the good.
- Book value of the good incorporated into fixed assets.
- In the event of a specific rate, it will be the appropriate unit of measurement.
- Tobacco-related products: sales value or reference value, whichever is greater.
- Products subject to the ad valorem rate: full value, added with surcharges arising from adjustments to the transaction amount, interest, fines, surcharges and charges, discounts granted on condition, transportation, taxes and public prices, including fees, levied on the transaction or borne by the supplier and all other amounts charged or received.
- Sale between related parties (product subject to ad valorem rate): may not be lower than the market value of the goods, considered as the amount charged in comparable transactions between unrelated parties.



#### 3.1. The following will not be included in the calculation base:

- Amount of IBS, CBS, IS itself and ICMS, until December 31, 2032
- Unconditional discounts and bonuses, listed in the respective tax document, except for products taxed at a specific IBS and CBS rate.

### Rates:

Adjusted for inflation by the IPCA once a year.



#### 4.1. Vehicles

- Established in ordinary law.
- Reduced or increased according to some features of the vehicle, such as power, efficiency, and carbon footprint.
- It will be reduced to zero for vehicles that meet environmental sustainability criteria.



#### 4.2. Other products subject to IS:

- Established in ordinary law.
- Ad valorem to: tobacco-related products (NCM 2402), alcoholic beverages, according to alcohol content.
- Extracted mineral goods: maximum percentage of 1%.
- Natural gas: if used as an input in an industrial process, including imports, it will be reduced to zero.

### 5. Taxpayer:



**Manufacturer:** in the first sale, in the incorporation of the good into fixed assets, in the delivery of the good in a non-onerous transaction and in the consumption of the good;

**Importer:** upon entry of the good of foreign origin into national territory;

**Purchaser:** in the purchase.

**Extractive producer:** that carries out the extraction, in the first sale, consumption, non-onerous transaction or export of the good

#### 5.1. Responsibility:

**Carrier:** when transporting products subject to IS without a tax document.

**Possessor or holder:** for sale or industrialization purposes, unaccompanied by a tax document.

**Owner, possessor, carrier or any other holder of domestic products** leaving the manufacturer with immunity for export, found in Brazil in a different situation, except when the products are in transit.

### 6. Calculation:



- Monthly calculation period.
- Consolidated by all taxpayer establishments.
- Payment centralized in a single establishment.



**SPECIAL CUSTOMS REGIMES,  
EXPORT PROCESSING ZONES  
AND CAPITAL GOODS REGIMES**

## SPECIAL CUSTOMS REGIMES

### Customs transit

Suspension of CBS and IBS on imports while tangible goods are subject to the special customs transit regime.

### Bonded warehouse regimes

- suspension of CBS and IBS on imports while tangible goods are subject to the special customs warehouse regime.

The regulation will detail the types of special customs warehouse regimes.

### Temporary Stay Regimes

Payment of IBS and CBS levied on imports will be suspended while the tangible goods are subject to a special customs regime for temporary stay in Brazil or temporary departure from Brazil.

- The regulation will detail the types of special customs regimes for temporary stay.
- Goods temporarily admitted for economic use will be subject to partial payment of taxes, linked to the length of stay in the country.

### Improvement Regimes

Payment of IBS and CBS levied on imports will be suspended while the tangible goods are subject to the special customs improvement regime.

- The regulation will detail the types of special customs improvement regimes.
- The regime will not be applied to tangible goods subject to the exemption and refund modalities of the special customs drawback regime.
- In the case of goods subject to temporary exit for improvement, taxes will be charged on the added materials.

## SPECIAL CUSTOMS REGIME APPLICABLE TO THE OIL AND GAS SECTOR – REPETRO

Payment of IBS and CBS levied on the import of goods destined to the Oil and Gas Sector will be suspended in the hypotheses provided for by legislation.

## EXPORT PROCESSING ZONES



Payment of IBS and CBS will be suspended for imports or purchases in the domestic market of machinery, apparatus, instruments, equipment, raw materials, intermediate products and packaging materials, carried out by a company authorized to operate in export processing zones.



Products processed or purchased for industrialization by a company authorized to operate in export processing zones may be sold to the domestic market upon payment of suspended taxes.



The goods must be used in the production process of the benefited companies.



The IBS and CBS rates on transport services for production process-related inputs to export processing zones and also for goods exported from export processing zones will be reduced to zero.

## CAPITAL GOODS REGIMES

### Tax Regime to Incentive Modernization and Expansion of Port Structures – Reporto:

Payment of IBS and CBS will be suspended on imports and acquisitions on the domestic market of machinery, equipment, spare parts and other goods carried out directly by Reporto beneficiaries and destined to their fixed assets for exclusive use in the performance of services regarding:

- loading, unloading, storage and movement of merchandise and products, including when carried out in a bonded warehouse of a secondary zone;
- supplementary operational support systems;
- environmental protection;
- security and monitoring systems for the flow of people, merchandise, products, vehicles and vessels;
- dredging; and
- training and education of workers, including in the implementation of professional training centers.

### Special Incentive Regime for Infrastructure Development – Reidi

Suspension of IBS and CBS payments on imports and purchases in the domestic market of new machinery, apparatus, instruments and equipment, and construction materials, carried out directly by Reidi beneficiaries.

The suspension of IBS and CBS payment also applies to:

- the import of services intended for infrastructure works for incorporation into fixed assets; and
- the acquisition of services in the domestic market, including the leasing of machines, apparatus, instruments and equipment intended for infrastructure works for incorporation into fixed assets.



# PERSONALIZED REFUND OF IBS AND CBS (CASHBACK) AND THE NATIONAL STAPLE FOOD BASKET





## PERSONALIZED IBS AND CBS REFUND (CASHBACK)

Regulates tax refund to individuals (cashback) by proposing a minimum refund floor of:



**100%** for CBS and **20%** for IBS, in case of cooking gas



**50%** for CBS and **20%** for IBS, in case of electric power, water and sewage; and



**20%** for CBS and IBS, in other cases.



Tax refunds will be allocated to families with a per capita income of up to half a minimum wage, will be integrated into the Single Register of social policies, and based on practically all consumption of goods and services made by these families.



There are also plans to establish fraud mitigation mechanisms and refund limits per recipient family unit, to ensure compatibility between the amounts returned and the family's available income.



The only products excluded from returns are those subject to Excise Tax, such as cigarettes and alcoholic beverages, considered harmful to health.



As a general rule, the refund will be calculated on formalized family consumption through issuance of tax documents, in order to encourage tax citizenship and mitigate informal economic activities, tax evasion and unfair competition.

## NATIONAL STAPLE FOOD BASKET



Food that will make up the national staple food basket are listed in the supplementary bill, which proposes favored rates that reduce taxation on the National Staple Food Basket, with compositions prioritizing healthy foods that are mostly consumed by poorer families.

### PRODUCTS INTENDED FOR HUMAN FOOD SUBJECT TO REDUCTION OF IBS AND CBS RATES TO ZERO

EXCLUSIVE HORTICULTURAL PRODUCTS, FRUITS AND EGGS. LISTED IN EXHIBIT XVI

- |  |  |
|--|--|
| 1. Rice  | 8. Coffee  |
| 2. Pasteurized or industrialized fluid milk, in the form of ultra-pasteurized, powdered, whole, semi-skimmed or skimmed milk; and infant formulas defined by specific legal provision; | 9. Soybean oil   |
| 3. Butter  | 10. Cassava flour  |
| 4. Margarine   | 11. Corn flour, groats and meal  |
| 5. Beans   | 12. Wheat flour  |
| 6. Roots and tubers  | 13. Sugar  |
| 7. Coconuts  | 14. Pasta  |
|  | 15. Common bread (containing only cereal flour, yeast, water and salt) |





**IBS AND CBS  
DIFFERENTIATED  
REGIMES**

**1. DEFINITION**



Reduction in rates or granting of presumed IBS and CBS credits.



Uniform application all over the Brazilian territory.



- Subject to adjustment of reference rates to balance collection.

**2. REDUCTIONS**

**Reduction of 30%**

Provision of services by the following intellectual professions of a scientific, literary or artistic nature, so long as they are subject to oversight by a professional counsel:



Administrators



Lawyers



Architects and urban planners



Social assistants



Librarians



Biologists



Accountants



Economists



Home economists



Physical education professionals



Engineers and agronomists



Statisticians



Veterinarians and zootechnicians



Museologists



Chemists



Public relations professionals



Industrial technicians



Agricultural technicians

**Reduction of 60%**

Transactions with the following goods and services:



Education services.



Healthcare services.



Medical devices.



Accessibility devices for people with disabilities.



Medicines.



Basic menstrual healthcare products.



Food for human consumption.



Personal hygiene and cleaning products mostly consumed by low-income families.



Agricultural, aquaculture, fishing, forestry and in natura plant extractive products;



Agriculture and aquaculture inputs.



National artistic, cultural, event, journalistic and audiovisual productions.



Institutional Communication.



Sporting activities.











Goods and services related to national security and sovereignty, information security and computer security.

When applicable, goods and services are specified in the Exhibits to the Proposal, according to the NCM/SH or other applicable classification, and must comply with the requirements from regulatory agencies.

### 3. REDUCTION TO ZERO

Transactions with the following goods and services:

- |   |  |
|---|--|
|  Medical devices.                                    |  Passenger automobiles, acquired by people with disabilities or on the autism spectrum.                 |
|  Accessibility devices for people with disabilities. |  Passenger automobiles acquired by professional drivers for use in the rental category (taxi).          |
|  Medicines.  |  Services provided by a Scientific, Technological and Innovation Institution (ICT), that is non-profit. |
|  Basic menstrual healthcare products.                |  |
|  Horticultural products, fruits and eggs.            |  |

When applicable, goods and services are specified in the Exhibits to the Proposal, according to the NCM/SH or other applicable classification, and must comply with the requirements from regulatory agencies.



#### NOTES

- Reductions also applicable to exports.
- Differentiated regimes cannot be cumulative with other hypotheses of IBS and CBS rate reduction.

### 4. OTHER REGIMES:

#### 4.1. Collective public transportation:



IBS and CBS exemption.



Highway and metro collective public transportation services for passengers of an urban, semi-urban and metropolitan nature under an authorization, permission or public concession regime.

#### 4.2. Rural producer and non-contributing integrated rural producer:



Non-IBS/CBS taxpayer::

- individual or legal entity;
- revenue of less than BRL 3,600,000.00 in the calendar year.



Can opt for registering as taxpayer under the regular regime.



Presumed IBS and CBS credit will be granted to taxpayers acquiring goods and services from non-taxpayer and opting out of Simples Nacional rural producers or integrating rural producers.

- Presumed Credit calculation base: proportion between total purchases and goods and services supplied by rural producers.

### 4.3. Independent non-taxpayer individual cargo transporter:



There will be presumed credit to IBS/CBS taxpayers in purchases of cargo transportation services from independent individual transportation contractor not taxpayers of said taxes, including when registered as individual micro-entrepreneur.



Applicable to the taxpayer purchasing goods and services and bearing the collection of the cargo transportation service amount.



Not applicable if transportation makes up the transaction amount, even if specified separately in the documents relating to the purchase.

### 4.4. Waste and material intended for recycling, reuse or reverse logistics purchased from an individual, cooperative or other form of grass-roots level organization:



There will be presumed IBS/CBS credit to taxpayers subject to the regular regime purchasing solid waste from incentivized collectors for use in environmentally appropriate final disposal process.



Solid waste is solid, liquid and gaseous materials discarded as a result of human activity.



Individual collectors can be:

- a) an individual collecting waste for sale to a IBS/CBS taxpayer with appropriate environmental disposal;
- b) association or cooperative of individuals who exercise the provisions described in (a); and
- c) association or cooperative that comprises said people (b).



Appropriate environmental disposal may be considered recycling, reuse, composting, recovery or other disposals, according to the regulation.



The presumed credit for IBS will be 13%, and for CBS will be 7%.



On purchases of pesticides and derivatives, medicines, batteries, tires, electro-electronic and similar products, lubricating oils or light bulbs, there will be no right to credit.

### 4.5. Used chattel property for resale, purchased from non-taxpayer individual



There will be an IBS/CBS presumed credit to the taxpayer subject to the regular regime of these taxes and purchasing used chattel property for resale from an individual not contributing to said taxes, even if registered as a MEI.



Presumed credits will be calculated as follows:

- a) IBS presumed Credit: percentage equivalent to the sum of the IBS rates for the chattel property on the date of acquisition, as set by the municipality and state where the establishment in which the purchase was made is located.
- b) CBS presumed credit: the CBS rate for the chattel property, on the date of acquisition, set by the Federal Government.



The regulation will provide for the method to record the presumed credits in the event that the perfect linking of such credits with the used good resold is not possible.

A hand is shown typing on a calculator keyboard. The image is heavily stylized with a dark blue, semi-transparent overlay that covers the entire scene. The text 'IBS AND CBS SPECIFIC REGIMES' is printed in a bold, orange, sans-serif font on the left side of the image. The background shows the grid of keys on the calculator, with some keys like '+', '-', '%', and '1/.' being more prominent. The overall aesthetic is professional and technical.

# **IBS AND CBS SPECIFIC REGIMES**



## FUEL

### > LEVY

IBS and CBS will be levied only once on the transactions, even if started abroad, with the following fuels:

- Gasoline
- Fuel anhydrous ethanol (EAC)
- Diesel oil
- Biodiesel (B100)
- Liquefied Petroleum Gas (LPG), including natural gas derivatives (GLGN)
- Hydrous Ethanol Fuel (EHC)
- Aviation kerosene
- Fuel oil
- Processed Natural Gas (GNP)
- Biomethane
- Natural Gas for Vehicles (GNV)
- Other fuels defined and authorized by the ANP, listed in the legislation

Lubricants not included in the specific regime. According to the Legislative Intent, this was due to the extensive list of these products (more than 11 thousand items registered with the ANP), as well as their significant price variation, which makes it significantly difficult to set a single specific rate (*ad rem*) applicable nationwide.



### CALCULATION BASE

The IBS and CBS calculation base will be the quantity of fuel involved in the transaction, and the corresponding IBS and CBS amount levied on the transaction will result from multiplying the quantity of fuel by its respective specific rate.

The amount of fuel will be measured according to the specific unit of measurement for each fuel defined in the legislation.



### RATES

#### The IBS and CBS rates for fuels covered by the single-phase regime will be:

- a) Uniform nationwide, specific by measurement unit and differentiated by product.
- b) Adjusted annually, with increase subject to a minimum period of 90 days between their setting and the beginning of validity.
- c) Disclosed::
  - regarding IBS, by the states, Federal District and municipalities in a shared and integrated manner, through resolution within the scope of the IBS Management Committee and by own act thereof;
  - as for CBS, by the head of the Executive Branch of the Federal Government.

#### The specific CBS rates will be set:

- a) For the year 2027, so as not to exceed the tax burden of federal taxes levied on fuels extinguished or reduced by Constitutional Amendment No. 132 according to the methodology detailed in the supplementary bill.
- b) For the years subsequent to 2027, so as not to exceed the tax burden calculated as mentioned above, adjusted by a percentage equivalent to the variation in the weighted average sales price to the end consumer, obtained through a survey made by a competent agency or based on data from electronic tax documents for consumer sales, between the 36 months prior to July of the year preceding that for which the rate will be set and the period from July 2023 to June 2026.

**The specific IBS rates will be set (article 163, paragraph 4):**

- In 2029, so as not to exceed 10% of the state and municipal tax burden on fuels extinguished or reduced by Constitutional Amendment No. 132, according to the methodology detailed in the supplementary bill.
- In 2030, so as not to exceed 20% of the tax burden calculated as mentioned above, adjusted by a percentage equivalent to the variation in the weighted average sales price to the end consumer, obtained through a survey made by a competent agency or based on data from electronic tax documents for consumer sales.
- In 2031, so as not to exceed 30% of the tax burden calculated and adjusted as mentioned above.
- In 2032, so as not to exceed 40% of the tax burden calculated and adjusted as mentioned above.
- From 2033 onwards, so as not to exceed the tax burden calculated and adjusted as mentioned above.
- The methodology for calculating the tax burden to set the CBS and IBS rates will be approved by a joint act of the highest authority of the Treasury Ministry and the IBS Management Committee, after consultation and approval by the Federal Accounting Court within a period not exceeding 180 days (article 163, paragraph 7).
- The calculation relating to CBS will be made by the RFB and, in relation to IBS, by the IBS Management Committee, and must be approved by the Federal Accounting Court within a period not exceeding 30 days (article 163, paragraph 8).
- The distribution of the IBS rate between the state rate and the municipal rate will be proportional to the respective reference rates (article 163, paragraph 10).



**BIOFUELS**

The specific IBS and CBS rates must be defined in such manner as to ensure a competitive advantage in favor of biofuels consumed in their pure form and low-carbon hydrogen (article 164).

A taxation lower than that on fossil fuels will be ensured, according to criteria set out in the legislation, to allow the differential established by EC 132 for biofuels to be maintained.

Joint act of the IBS Management Committee and the head of the Executive Branch of the Federal Government will establish the mechanisms to be used to ensure the competitive advantage



**TAXPAYERS**

Taxpayers of the specific IBS and CBS regime (article 165) are:

- the national producer of biofuels;
- the oil refinery and its bases;
- the petrochemical raw material plant (CPQ);
- the natural gas processing unit (UPGN) and the equivalent production and industrial establishment, defined and authorized by a competent agency;
- the fuel formulator;
- the importer; and
- any producing agent not mentioned in the items, authorized by a competent agency.

The fuel distributor is also a taxpayer in its transactions as an importer (article 165, paragraph 1).

The cooperative of ethanol producers authorized by a competent agency (article 165, paragraph 2) is held equivalent to the national biofuel producer.



## TRANSACTIONS WITH B100 AND EAC

The supplementary bill established a liability system similar to the ICMS-Single-Phase (clause 11 of ICMS Agreement 199/22 and clause 11 of ICMS Agreement 15/23).

It will be attributed to the oil refinery or its bases, the petrochemical raw material plant (CPQ), the fuel formulator and the importer, in relation to the percentage of biofuel used in the mixture (article 167):

- in transactions with Gasoline A, the liability for the withholding and payment of IBS and CBS levied on EAC imports or on exits from the EAC producing establishment; and
- in transactions with Diesel Oil A, the liability for the withholding and payment of IBS and CBS levied on B100 imports or on exits from the B100 producing establishment.

The purchaser of B100 or EAC intended for mixing with Gasoline A or Diesel Oil A, that makes the exit of biofuels to a different destination, will be required to pay the IBS and CBS levied on the biofuel (article 168, I).

The fuel distributor that mixes B100 with Diesel Oil A or EAC with Gasoline A at a percentage (article 168, II):

- Exceeding the mandatory percentage, will be required to pay IBS and CBS in relation to the volume of biofuel corresponding to the excess mandatory mixing percentage.
- Less than the mandatory amount, will be entitled to IBS and CBS reimbursement in relation to the volume of biofuel corresponding to that mixed at less than the mandatory mixing percentage.

## SECONDARY LIABILITY

Participants in the economic chain making transactions subsequent to single-phase taxation will be secondarily liable for the payment of IBS and CBS, in case of proof that they acted in collusion or in some way contributed to the non-payment of IBS and CBS owed by the taxpayer (article 166).

## CREDITS

Guarantee of the right to record and use of IBS and CBS credit by the taxpayer using the fuel as a production input, as well as to the exporter, except for cases where the product is subject to distribution, sale or resale (article 169).





## FINANCIAL SERVICES

### FINANCIAL SERVICES SUBJECT TO THE REGIME

- EC no. 132 provides that financial services are considered, for IBS and CBS levy purposes, the “credit, exchange, insurance, reinsurance, consortium, commercial leasing, factoring, securitization, private pension, capitalization, payment arrangements, transactions with instruments and securities, including trading and brokerage, and others that imply fundraising, passing on, brokering, management or administration of funds”.

The supplementary bill lists the financial services subject to the specific regime, with some details, such as the indication of some types of credit transactions, transactions with instruments and securities and commercial leasing and the provision on investment advisor, supervised by the CVM, insurance brokerage, reinsurance, private pension plan and capitalization, supervised by Susep, and virtual asset services, supervised by Bacen.

Financial services are subject to the specific regime where provided by individuals and legal entities supervised by the government agencies that make up the National Financial System (SNF) and by other suppliers provided for in law. The supervisory agencies include the CVM, Bacen, Susep and the National Superintendency of Supplementary Pension Plans (Previc).

Services provided by entities classified under the specific regime and not defined as financial services, including those remunerated through fees and commissions, are subject to the general rules on IBS and CBS levy



### PROVISIONS COMMON TO FINANCIAL SERVICES

#### Calculation base

The calculation base for financial services will correspond to the revenue from deductions expressly provided for in the supplementary law, so that the levy falls on the added value of the activity.

Revenue from financial services does not include:

- (i) reversals of provisions; and
- (ii) recoveries of credits written off as losses, provided that the respective allowance or write-off has not been deducted from the calculation base and does not represent an inflow of new revenue.

Deductions from the calculation base are restricted to transactions authorized by a government agency, as long as they are carried out within the operational limits set out in the relevant legislation, deduction of any administrative expenses prohibited.

#### Rates

As a general rule, they will be uniform nationwide.

The rates must be calculated in order to maintain the tax burden levied on credit transactions by banking financial institutions.

This rule for calculating the rates is provided for in EC No. 132 for banking financial institutions, for a period of five years as from dissolution of PIS/Cofins, and was used as a reference to set the rate for the specific regime for other financial services (article 217).

The calculation methodology for setting the rates will be approved by a joint act of the highest authority of the Treasury Ministry and the IBS Management Committee, after consultation and approval by the Federal Accounting Court within a period not exceeding 180 days (article 217).

## PROVISIONS COMMON TO FINANCIAL SERVICES

### Specific rules for each financial service category

- Transactions involving credit, financial brokerage through raising and passing on of funds, foreign exchange, instruments and securities and derivative financial instruments, securitization and factoring

### Calculation base

The calculation base seeks to determine the added value. For purposes of determining the calculation base, the revenue from the services above will be considered, with deduction of expenses indicated for each type of financial service, such as:

- financial expenses with funding;
- exchange expenses;
- financial expenses resulting from losses in operations;
- financial charges;
- provision for doubtful debts (PDD); and
- investment advisory.

### Rates

The rates applied to financial services will be defined based on the criteria mentioned in the complementary bill and should maintain the current tax burden applicable to the sector.

### Credit

Recording of credit is allowed to IBS and CBS taxpayers subject to the regular regime that are the borrowers of credit transactions and are not subject to the specific regime. With some remarks:

- It also applies to bonds, including debentures and commercial notes, provided that the debtors are IBS and CBS taxpayers subject to the regular regime and are not subject to the specific regime and, throughout the term of the debt instrument, lenders are subject to the specific regime.
- The right to credit does not apply to interbank transactions and other transactions between legal entities subject to the specific regime.
- The recording of credit in the acquisition of financial services involving
  - (i) financial brokerage through the fund raising and passing on and
  - (ii) factoring transactions is prohibited.
- Credits will be calculated at the same rate due on credit transactions services, applied to the portion of financial expenses effectively paid through the cash method, that exceeds the following amounts, after the date of payment:
  - a) the return of the amount corresponding to the principal, regardless of the amortization method provided for in the contract; and
  - b) the payment of financial expenses corresponding to the Selic Rate, calculated based on the average interest rate charged in repo transactions with federal bonds with a term of one business day.
- The credits will be conditional on the recognition by the IBS Management Committee and the RFB of the payment of IBS and CBS in the transaction, based on the information provided by the entities that carry out the credit transactions.

## Commercial leasing

### Calculation base/Rate

In commercial leasing, for the purposes of determining the calculation base:

**Revenues from services will be subject, as they are received, to the cash method:**

a) of the lease installments, at the following rates::

1. in the case of real estate, at the rate applicable to the lease, in the respective specific regime; and
2. in the case of other goods, at the rate provided for in the general levy rules applicable to the rental of the good.

b) the residual value of the good paid when exercising the purchase option, or diluted over the installments, at the following rates::

1. in the case of real estate, at the rate applicable to the sale, in the respective specific regime; and
2. in the case of other goods, at the rate provided for in the general levy rules applicable to the sale of the good;

**Deduction will be allowed, in proportion to the share of revenue obtained from transactions that do not generate IBS/CBS credits for the lessee in relation to the total revenue from commercial leasing transactions of:**

- a) financial expenses with fundraising used in commercial leasing transactions;
- b) commercial leasing expenses;
- c) allowances for bad debts relating to commercial leasing transactions, subject to the same deductibility rules under the income tax legislation applicable to banking financial institutions.

### Credit

The recording of IBS and CBS credit will be allowed for the lessee taxpayer of IBS and CBS under the regular regime, based on the same rate applied to the supplier.

The credits will be conditional on recognition by the IBS Management Committee and the RFB of the IBS and CBS payment in the transaction based on the information provided by the entities that carry out commercial leasing transactions.

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## Consortium Management (Section V)

### Calculation base

The calculation base for the service will comprise all fees, commissions and taxes required as a result of the consortium group participation contract.

Note that the purchase of goods or services with a letter of credit will be subject to the general rules on IBS and CBS levy, or, in the case of real estate, the respective specific regime.

### Rate

The rates applied to financial services will be defined based on the criteria mentioned in the complementary bill and should maintain the current tax burden applicable to the sector.

### Credit

IBS and CBS taxpayers under the regular regime that purchase consortium services may record the credit in these transactions, for the amounts paid on these services, based on an electronic tax document.

## Management and administration of funds, including investment funds

### Calculation base

The calculation base is the transaction amount, which consists of the value of the service provided, under the rules provided for in the supplementary bill.

### Rate

The rates applied to financial services will be defined based on the criteria mentioned in the complementary bill and should maintain the current tax burden applicable to the sector.

Other services provided to investment funds that do not represent financial services will be subject to the standard rates provided for in the general rules on IBS and CBS levy, or to the reduced rates provided for in the differentiated regimes, where applicable.

Fund management and administration services provided to the investor and not to the investment fund, such as management of managed portfolios, will be subject to IBS and CBS at the same rate as the management and administration of investment funds, IBS and CBS credit to the purchaser of the services being prohibited.

### Credit

The investment fund and its shareholders may not record credits from IBS and CBS due by providers of any services to the fund.

### Ancillary Obligations

The investment fund manager and the distributor of the investment fund shares must present as an ancillary obligation, according to the regulations, information on the investment fund and each shareholder, or the distributor for the account and order, or central depository if the share is traded a stock exchange, and the value of their shares.

The IBS Management Committee may enter into an agreement with Government Agencies to have access to the information, in which case it may exempt the manager and distributor from the ancillary obligation.

## Guarantee Fund for Length of Service (FGTS) and other guarantee funds and enforcers of public policies

### Calculation base

No specific provision.

direct government agencies, independent government agencies and foundations, rules on government procurement will apply.

### Rate

Nationwide uniform rate, to be set in such way as to keep the tax burden levied on these transactions.

Financial transactions carried out with funds from the fund portfolio will be subject to IBS and CBS at a zero rate.

The regulation will be in charge of listing the guarantee funds and enforcer of public policies provided for in law on the date of publication of this Supplementary Law and update this list for funds of same nature that may be created subsequently.

### Credit

If the exclusive shareholders of the funds are

No specific provision.

## Payment Arrangements

### Scope

The accredited party will be considered as the borrower of payment arrangement services for the effects of the provision in the supplementary bill.

Payment arrangement services will comprise all those related to the accreditation, capture, processing and winding up of payment transactions.

Early winding up of receivables from payment arrangements will be taxed by IBS and CBS (article 201). It will also apply to FIDC and other investment funds that wind up receivables from payment arrangements in advance, in which case the fund will be considered an IBS and CBS taxpayer and the shareholder will not be taxed in relation to its investment in the fund (article 201, paragraph 3).

The legal relationship between the issuer and the holder of the payment instrument is subject to the rules set out in the general rules on IBS and CBS levy, except for specific excluded credit transactions, which will be subject to the respective specific regime.

### Calculation base

The calculation base of IBS and CBS due by each participant of the payment arrangement will correspond to the gross amount of the yield due by the accredited party, added with the portions received from other participants of the arrangement and deducted of the portions passed on to other participants of the arrangement.

In early winding up, the IBS and CBS calculation base will correspond to the discount applied to the early winding up, with the deduction of an amount corresponding to the Selic Rate future interest curve, for the term of the advance (article 201, paragraph 1)



### Rate

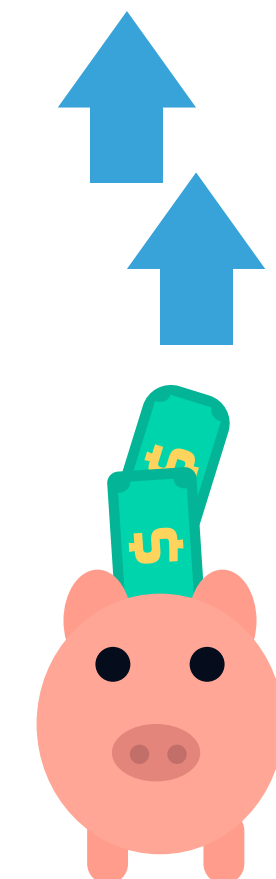
The rates applied to financial services will be defined based on the criteria mentioned in the complementary bill and should maintain the current tax burden applicable to the sector.

### Credit

The accredited party that is an IBS and CBS taxpayer subject to the regular regime may record IBS and CBS credits calculated based on the gross amounts of yield due to the accrediting party, for the same IBS and CBS amounts paid by the participants in the payment arrangement on these transactions (article 200).

The borrower of the services for early winding up of payment arrangement receivables that is an IBS and CBS taxpayer subject to the regular regime may record IBS and CBS credits from these transactions in relation to the portion of the discount applied at the time of early winding up through the cash method, which is higher than the future interest curve of the SELIC Rate, for the period of the advance (article 201, paragraph 4).

IBS and CBS credits will be conditional on recognition by the IBS Management Committee and the RFB of IBS and CBS payment in the transaction, based on information provided by participants in payment arrangements (article 202).



## Activities of entities managing organized markets, market infrastructures and central depositories

### Calculation base

Transaction amount.

### Rate

The rates applied to financial services will be defined based on the criteria mentioned in the complementary bill and should maintain the current tax burden applicable to the sector.

### Credit

The IBS and CBS taxpayer subject to the regular regime that acquires services from entities managing organized markets, market infrastructures and central depositories will be able to record credits from these taxes, at the same rate due on these services.

### Ancillary Obligations

Entities managing organized markets, market infrastructures and central depositories must provide as ancillary obligation, under the regulation, information about the purchasers of services and the amounts paid by each one.

## Insurance, Reinsurance, Supplementary Pension Plan and Capitalization

### Calculation base

#### Insurance and Reinsurance

Revenues from services comprise::

- a) Revenues earned from insurance premiums, co-insurance, reinsurance and retrocession.
- b) Financial revenues from financial assets guaranteeing technical provisions, in proportion to the revenues referred to in item “a” in transactions that do not generate IBS and CBS credits for purchasers, and the total revenues referred to in item “a”, subject to the criteria established in the regulation.

Deductions will be made on:

- a) Expenses with indemnities, exclusively when due to individuals and legal entities that are not IBS and CBS taxpayers subject to the regular regime, corresponding to losses occurring in insurance transactions, after subtracting salvage and other reimbursements, limited to indemnities relating to non-life insurance and life insurance without survival coverage.

Receipt of the indemnities will not be subject to IBS and CBS and does not entitle you to IBS and CBS credit (article 206, paragraph 3).

b) The amounts relating to cancellations and refunds of premiums that have been computed as revenue.

c) The amounts referring to insurance, reinsurance, supplementary pension plan and capitalization brokerage services.

In summary, in transactions with individuals who are not IBS and CBS taxpayers, the calculation base corresponds to the premiums received added to the financial revenue from assets guaranteeing technical reserve, less indemnities paid.

In transactions with IBS and CBS taxpayers under the regular regime, IBS and CBS will be levied on all premiums received, without deducting indemnity amounts, as the insured has the right to record and use IBS and CBS credits based on the same amount of premiums paid.

#### Coinsurance, reinsurance and retrocession

Coinsurance, reinsurance and retrocession transactions, as long as they are carried out between insurers and reinsurers companies that are IBS and CBS taxpayers will be subject to levy at zero rate, including when reinsurance and retrocession premiums are ceded abroad.

## Calculation base

### **Private pension plan**

In open and closed private pension plans, and life insurance with survival coverage, for purposes of determining the calculation base, the revenues from services comprise:

- a) contributions to the private pension entity; and
- b) the fund's charge resulting from structuring, maintenance of pension plans and life insurance with survival coverage.

Deductions will be made on:

- a) The portions of contributions intended for the constitution of provisions or technical reserves; and

The calculation base will comprise the reversal of provisions or technical reserves that have previously been deducted from the calculation base.

- b) The amounts referring to insurance, reinsurance, supplementary pension and capitalization brokerage services.

The calculation base will not comprise the income earned from investments of financial funds intended for payment of retirement benefits, pension, reserve fund and redemptions. Except that:

- It is restricted to income from financial investments provided by assets guaranteeing technical provisions, such assets being limited to the amount of said provisions.
- It also applies to the income from financial assets guaranteeing the technical provisions of private insurance companies intended exclusively for social security benefit plans and life insurance with survival coverage.
- The calculation base referred to in this article includes income from investments of financial funds not provided for above.

### **Capitalization**

In open and closed private pension plans, and life insurance with survival coverage, for purposes of determining the calculation base, the revenues from services comprise:

- a) revenue from capitalization bonds; and
- b) revenues with statute of limitations and penalties.

Deductions will be made on:

- a) The portions of contributions intended for the constitution of provisions or technical reserves; and

The calculation base will comprise the reversal of provisions or technical reserves that have previously been deducted from the calculation base.

- b) The amounts referring to insurance, reinsurance, supplementary pension and capitalization brokerage services.

The calculation base will not comprise income earned from financial investments intended to pay redemption of bonds and prize draws will not be included in the calculation base.

They will be restricted to income from financial investments provided by assets guaranteeing technical provisions, such assets being limited to the amount of said provisions.

The calculation base includes income from investments of financial funds not provided for above.



## Rates

The IBS and CBS rates on insurance, reinsurance, supplementary pension plan and capitalization services will be defined based on the criteria mentioned in the complementary bill and should maintain the current tax burden applicable to the sector.

Insurance, reinsurance, supplementary pension plan and capitalization brokerage services will be subject to the IBS and CBS levy on the transaction amount, at the same rate applicable to insurance, reinsurance, private pension plan and capitalization services.

Insurance brokers, reinsurance brokers and other insurance, reinsurance, private pension plan and capitalization brokers opting for Simples Nacional and not registered as IBS and CBS taxpayers under the regular regime will remain taxed according to the rules of Simples Nacional.

## Credit

IBS and CBS credit will be prohibited on purchases of private pension plan and capitalization services.

## Ancillary Obligations

Insurers, reinsurers companies, open and closed private pension entities, and capitalization companies must present as ancillary obligation, according to the regulation, the following information:

- Insurers and reinsurers: identification of insured and the amounts of premiums and indemnities for each one.
- Private pension entities: identification of participants and the amounts of each one's contributions, based on the gross and net amounts of the constituted provisions.
- Capitalization companies: identification of the bond subscribers and amounts collected from the bonds, based on the gross and net amounts of the provisions constituted.

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## Virtual asset services

### Calculation base

Transaction amount.

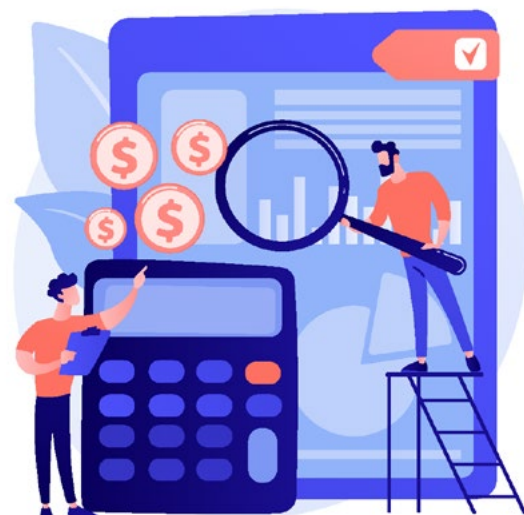
### Rate

The rates applied to financial services will be defined based on the criteria mentioned in the complementary bill and should maintain the current tax burden applicable to the sector.

The credits will be conditional on the recognition of the payment of IBS and CBS in the operation by the IBS Management Committee and the RFB, based on the information provided by the entities that carry out leasing operations.

### Credit

IBS and CBS credit will be prohibited on purchases of virtual asset services.



## Import of financial services

### Calculation base

The calculation base will be the amount corresponding to the revenue earned by the provider as a result of the transaction.

The regulation may provide for the application of a reduction factor to contemplate a presumed margin within the limits set in the legislation for deductions from the calculation base for financial services provided in Brazil.

### Rate

They will be subject to IBS and CBS levy at the same rate applicable to the respective financial services purchased from providers domiciled in Brazil.

In cases where the importer of financial services is an IBS and CBS taxpayer subject to the regular regime and has the right to deduction from the calculation base or record credits from such taxes on purchase of the same financial service in the country, as provided for in Chapter II, a zero rate will be applied to the import.

### Supplementary rules

The general rule on (IBS/CBS on imports) applies to imports of financial services, to the extent that it does not conflict with the provisions of the specific article on imports of financial services.

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## Export of financial services

### Immunity

Financial services, when provided to residents or domiciled abroad, will be considered exported services, and immune from IBS and CBS levy.

### Related Parties

Financial services provided to entities abroad predominantly controlled or invested by residents or domiciled in Brazil, individually or jointly with related parties, as defined by transfer pricing legislation within the scope of income tax will not be considered exported services.

### Proportion

The entity that provides financial services in Brazil and through exports must.

- calculate the proportion of revenue from exports over the total revenue from financial services; and
- reverse the effect of deductions from the calculation base allowed under this specific regime in the same proportion as the item above.



## HEALTH CARE PLANS



### > GENERAL PROVISIONS

The calculation base will correspond to the revenue from health care plans, which comprises premiums, considerations and financial revenue from technical reserves, with deduction of indemnities and amounts paid to brokers in intermediation, seeking the added value of the activity.

The IBS and CBS rates in the health care plan regime will be uniform nationwide and set at a percentage corresponding to 40% of the reference rates.

Brokers authorized to distribute such plans will be subject to the same rates, except in the case of those opting for Simples Nacional and not registering as IBS and CBS taxpayers under the regular regime.

The recording of IBS and CBS credits for health care plan clients will be prohibited.

Further to the option provided for in the Federal Constitution to prohibit the credit recording to the purchaser under this specific regime, the beneficiaries of health plans are individuals. There are also provisions for the possibility of import or export.

## PREDICTION CONTESTS



### > GENERAL PROVISIONS

The specific regime for prediction contests is applicable to all lottery modalities, including fixed odd bets and sweepstakes, fantasy sport, turf bets and other bets, whether physical or virtual.

The IBS and CBS calculation base is the entity's own revenue, deduction of prizes paid and allocations required by law being allowed.

The rates will be uniform nationwide and the same as the reference rates.

IBS will not be levied on prizes paid and credit recorded to bettor is prohibited. There are also specific provisions for import and export.



## REAL ESTATE



### GENERAL PROVISIONS

IBS and CBS will be levied according to the specific regime, on the following transactions with real estate:

- disposal of real estate, including as a result of real estate development and land subdivision;
- onerous translatative act or constituting interests on real estate;
- rental and leasing of real estate; and
- real estate administration and intermediation services.

IBS and CBS will not be levied on the disposal, rental e leasing of a real estate owned by an individual subject to IBS and CBS regular regime and not predominantly used in their economic activities.

The rental or leasing of a real estate by a taxpayer subject to the regular IBS and CBS regime, with a period of less than 90 days, will be taxed according to the rules applicable to hotel services.



### TIME OF OCCURRENCE OF THE TRIGGERING EVENT

The triggering event for IBS and CBS is considered to have occurred, according to article 238, in the disposal of real estate, at the time of the disposal or on execution, of the disposal contract, including of any subsequent adjustments, even if upon a deed for sale, reservation letter with earnest or any other document representing a commitment, or on implementation of the condition precedent to which the disposal is subject.



### CALCULATION BASE

The calculation base for IBS and CBS is the value of the transaction, considered as the reference value or the disposal value of the real estate, whichever is greater, in the event of disposal of real estate; the rental or leasing value of the real estate; or the onerous value of the translatative act or constituting interests on real estate;

- The reference value will be set through a specific methodology to estimate the market value of the real estate pursuant to the regulation, which will take into account:

- analysis of prices charged in the real estate market;
- information sent by the tax administrations of municipalities, the Federal District, states and the Federal Government;
- information provided by registry and notary services; and
- the place, typology, destination and date, standard and construction area, among other characteristics of the real estate.

On disposal, rental or leasing of the real estate by a taxpayer subject to IBS and CBS regular regime, the amount corresponding to the adjustment reducer may be deducted from the calculation base, up to the limit of its amount.

The adjustment reducer will correspond, in case of real estate owned by the taxpayer on December 31, 2026, to the reference value of the real estate on that date. In the case of real estate acquired as from January 1, 2027 from a transferor not subject to IBS and CBS regular regime, the adjustment amount corresponds to the lower between the real estate acquisition value and the real estate reference value. In the case of real estate acquired as from January 1, 2027 from a transferor subject to the regular IBS and CBS regime, the adjustment reducer will be the unused balance of the adjustment reducer relating to the real estate. The adjustment reducer is linked to the respective real estate, and may be used exclusively to reduce the calculation base of transactions relating to the real estate.

On rent or leasing of a real estate by a taxpayer subject to IBS and CBS regular regime, the calculation base of the transaction will be reduced each month by an amount equivalent to  $1/360$  of the adjustment reducer amount on the date of constitution. - On disposal of the real estate by a taxpayer subject to IBS and CBS regular regime, the calculation base of the transaction will be reduced by an amount equivalent to the balance of adjustment reducer on the date of the transaction.

In the disposal of a new residential real estate by a taxpayer subject to IBS and CBS regular regime, the calculation base may be deducted of a social reducer in the amount of BRL 100 thousand per real estate, up to the limit of the calculation base amount, after deduction of the adjustment reducer. The social reducer can be used only once for each real estate.



## RATES

The project provides that the IBS and CBS rates related to transactions subject to the regular regime will be reduced by 20%.

Taxpayers in real estate transactions are the transferor of the real estate, in disposals of real estate or right related thereto; the assignor of interests over real estate, in translative onerous acts or acts constituting interests over real estate; the landlord or lessor, in rentals or leases of real estate; and the purchaser, in cases of adjudication, redemption and purchase of real estate in public auction. In unincorporate joint ventures, the taxpayer will be the general partner.





## COOPERATIVE COMPANIES

### > BARS AND RESTAURANTS

The IBS and CBS rates levied on transactions in which the member provides goods or services to the cooperative in which they participate and in which the cooperative provides technical, educational and social assistance to the member or family members will be reduced to zero.

In relation to other transactions carried out by the cooperative, it may opt for a calculation regime in which the IBS and CBS rates are reduced to zero and, in return, must pay a monthly amount proportional to the transactions in which the member is not subject to the regular regime, receives goods and services from the cooperative

for their own consumption or for allocation to third parties.

The amount payable by the cooperative may be deducted from the presumed credit related to goods and services that the member not subject to IBS and CBS regular regime uses in their economic activity, for purposes of neutralizing the burden of these taxes that the member bears in acquisition of inputs.

Said optional regime will not be applicable to rural producer cooperatives and independent transportation contractors.

## BARS, RESTAURANTS, HOTEL, AMUSEMENT AND THEME PARKS, COLLECTIVE PASSENGER TRANSPORTATION AND TRAVEL AGENCIES



### BARS AND RESTAURANTS

Specific regime applicable to transactions with food and beverage supply by bars and restaurants, including snack bars.

Calculation base: transaction amount, excluding tips fully passed on to the employee.

Rates (to be regulated): percentage of the IBS and CBS rates of each state, in order to maintain the sector's current tax burden.

Prohibition to the recording of IBS and CBS credits both by bars and restaurants and by purchasers.



### HOTEL

Definition of hotel services:

- Accommodation in enterprises/establishments that provide temporary accommodation services, in units for exclusive use of guests, in addition to other necessary services, based on a tacit or express contract.
- Accommodation in enterprises/establishments that exploit or manage in residential condominiums, the provision of accommodation services in furnished and equipped units, further to other services offered.

Calculation base: transaction amount

Rate (to be regulated): percentage of the IBS and CBS rates of each state, in order to maintain the sector's current tax burden.

Recording of IBS and CBS credits from purchases made by hotel service providers allowed.

The recording of IBS and CBS credits by purchasers is prohibited.



## AMUSEMENT AND THEME PARKS

Calculation base: transaction amount;

Rate (to be regulated): percentage of the IBS and CBS rates of each state, in order to maintain the sector's current tax burden.

The recording of IBS and CBS credits by amusement and theme park service providers is allowed.

The recording of IBS and CBS credits by purchasers is prohibited.



## COLLECTIVE RAIL AND WATERWAYS URBAN, SEMI-URBAN AND METROPOLITAN PASSENGER TRANSPORTATION

Rate reduced by 99.9%.

Cumulative regime: credit recording by both the service provider and purchaser is prohibited.



## COLLECTIVE ROAD, RAIL AND WATERWAYS INTERMUNICIPAL AND INTERSTATE PASSENGER TRANSPORTATION

Rates (to be regulated): percentage of the IBS and CBS rates of each state, in order to maintain the sector's current tax burden.

Recording of IBS and CBS credits from purchases made by service providers allowed.

The recording of IBS and CBS credits by purchasers is prohibited.



## REGIONAL COLLECTIVE AIR TRANSPORTATION OF PASSENGERS

Calculation base: transaction amount.

Rate reduced by 40%.

Recording of IBS and CBS credits from purchases made by transportation service providers allowed at the proportion of 60% of the IBS and CBS amounts paid.

The recording of IBS and CBS credits by purchasers is allowed.



## TRAVEL AGENCY AND TOURISM AGENCIES

### Sale of airline tickets:

Calculation base: transaction amount.

Rate reduced by 40%.

The recording of IBS and CBS credits by purchasers is allowed.

### Other intermediation services:

Calculation base: transaction amount, deducted of amounts passed on to suppliers brokered by the agency.

Transaction amount corresponds to the total amount charged by the user, including all goods and services provided and enjoyed through the agency, added to its aggregation margin and other surcharges charged to the user.

Commission amounts and incentives paid by third parties also included.

Rate: the same applicable to hotels and amusement parks (percentage of the IBS and CBS rates of each state, in order to maintain the sector's current tax burden).

The recording of IBS and CBS credits by purchasers is prohibited.



## SOCCER CORPORATION - SAF

> Specific regime applicable to transactions carried out by Soccer Corporation (SAF).

Soccer-specific taxation regime (TEF):

- Monthly payment of the following taxes at their respective rates, calculated under the cash method:
  - IRPJ – 4%
  - CSLL – 4%
  - Social security contributions – 4%
  - CBS – 1.5%
  - IBS – 1.5%
- Calculation base: total revenue received in the month, including
  - (i) prizes and member-fan programs;
  - (ii) assignment of athletes' sporting rights;
  - (iii) assignment of image rights;
  - (iv) transfer of the athlete to another sporting entity or their return to activity in another sporting entity.
- The only hypothesis for recording and use of IBS and CBS credits is in the acquisition of the sporting rights of athletes (forward and backward).
- Payment method pending of regulation by the IBS Management Committee and the RFB.



Import of athletes' sporting rights – subject to IBS and CBS.

The assignment of athletes' sporting rights to residents or domiciled abroad to carry out sporting activities predominantly abroad is considered an export.



Transition:







- From January 1, 2027 to December 31, 2032:
- CBS reduced by 0.1% in 2027 and 2028
- IBS reduced by:
  - 0.1% in 2027 and 2028
  - 0.3% in 2029
  - 0.6% in 2030
  - 0.9% in 2031
  - 1.2% in 2032





## TREATIES

➤ Zero IBS and CBS on transactions with the following goods or services intended for permanent diplomatic missions and consular offices and their respective accredited employees, according to the regulations, as long as they are approved by the Ministry of Foreign Affairs:

-  Telecommunications
-  Electric power
-  Goods used in the construction, expansion or renovation of real estate
-  Fuels for official vehicles
-  Vehicle of national origin
-  Goods purchased directly abroad (as long as they are supported by the exemption or reduction in the Import Duty rate)

Internalized international treaties: joint act of the highest authority of the Treasury Ministry and the IBS Management Committee, after consulting the Ministry of Foreign Affairs.

## PROVISIONS COMMON TO SPECIFIC REGIMES

➤ Monthly calculation period for financial services, health care plans and prediction contests, with the possibility of reduction via regulation.

When the IBS and CBS calculation base is negative for financial services, health care plans and prediction contests, the taxpayer may deduct the negative value of the calculation base, without any adjustment, from the positive calculation bases of the subsequent calculation periods. Such deduction may occur within 5 years from the last day of the calculation period.

The recording and use of IBS and CBS credits will be allowed on purchases made by suppliers subject to specific financial service regimes, health care plans, prediction contests and real estate, except where there is a specific rule.

The recording of IBS and CBS credit on the amounts deducted from the IBS and CBS calculation base in specific regimes will be prohibited.

Ancillary obligations fulfilled by legal entities subject to specific regimes will be uniform and applicable nationwide





## CHAPTER I UNIVERSITY FOR ALL PROGRAM – PROUNI

The CBS rate levied on the provision of higher education services by a private educational institution, whether for-profit or non-profit, will be reduced to zero during the period of adherence and link to the University for All Program (Prouni).

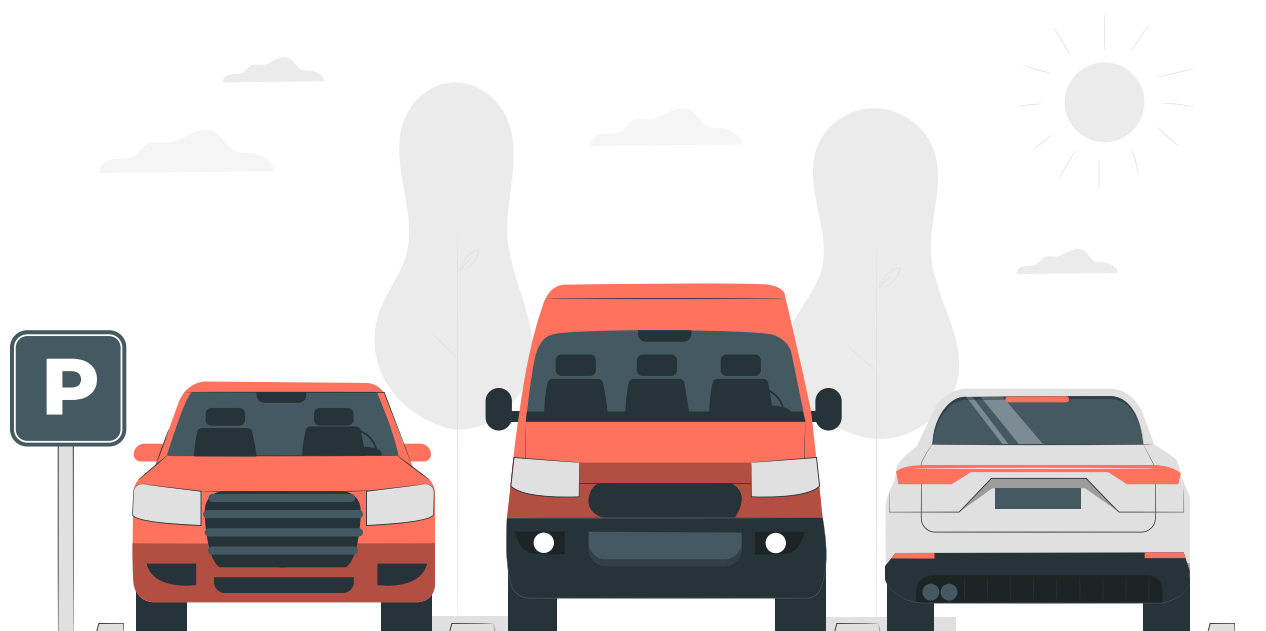


## CHAPTER II AUTOMOTIVE REGIME

Until December 31, 2032, projects entitled to CBS presumed credits will be those qualified to enjoy the benefits set by tax incentives for regional development (art. 11-C of Law No. 9,440/97), including SUDAM and SUDENE (Law No. 9,826/99), of a legal entity that manufactures or assembles vehicles.

Presumed credit:

- (i) Will exclusively encourage the production of vehicles equipped with an electric engine with capacity to move the vehicle with only electric power, with the association with an internal combustion engine that uses biofuels alone or simultaneously with petroleum-derived fuels being allowed.
- (ii) Will be granted exclusively to projects approved by December 31, 2024, of legal entities that, on December 20, 2023, were qualified to enjoy the benefits set by article 11-C of Law No. 9.440 of 1997, and articles 1 to 4 of Law No. 9.826, of 1999; and b) new projects, approved by December 31, 2025, that expand or restart production in an industrial plant used in active or inactive projects qualified to enjoy the benefits addressed herein



# CBS OWN REGIMES



## REDUCTION OF IPI RATE TO ZERO IN 2027



- As from January 1, 2027: IPI rates reduced to zero for products that have not been effectively industrialized in the ZFM.
- The Executive Branch of the Federal Government will publish a list of products subject to IPI at zero rate.
- Goods with no national similar whose production will be installed in ZFM: The head of the Executive Branch of the Federal Government may authorize setting the IPI rate at a percentage higher than zero.]



## FIVE-YEAR EVALUATION

Every five years, an analysis will be made of the efficiency, efficacy and effectiveness of the rules on IBS and CBS levy, such as public social, environmental and economic development policies not provided for in the general rules:



Differentiated regimes



Specific Regimes



Breakdown of the National Staple Food Basket, favoring fresh or minimally processed food consumed mainly by low-income families



Cashback



Special customs regimes, export processing zones, Reporto and Reidi

This evaluation must also take into account the promotion of equality between men and women and the impact on income inequalities.

The first evaluation will be based on data from 2033, which could result in a bill by March 2035, which may contemplate:

- Changes in the scope and method of application of topics subject to evaluation.
- In relation to differentiated regimes, review of reduction percentages and rates (and a transition regime may even be provided for).

The Excise Tax will also be subject to five-year evaluation.



## COMPENSATION FOR POSSIBLE REDUCTION OF THE AMOUNT DELIVERED UNDER THE TERMS OF ARTICLE 159, I AND II OF THE FEDERAL CONSTITUTION DUE TO THE REPLACEMENT OF THE IPI BY THE EXCISE TAX

Compensation by the Federal Government for any reduction in amounts resulting from the replacement of IPI collection with IS collection.



**DUTY-FREE ZONE OF  
MANAUS AND FREE  
TRADE AREAS**



## DUTY-FREE ZONE OF MANAUS AND FREE TRADE AREAS

IBS and CBS levy on imports of tangible goods made by an industry with incentives, for use in the duty-free zone of Manaus, will be suspended.

- The suspension does not apply to imports of:

goods not covered by the favored regime of the duty-free zone of Manaus (E.g.: Weapons, ammunition, tobacco, alcoholic beverages);

goods for personal use and consumption, except where proven to be necessary for development of the taxpayer's activity linked to the approved economic project.

- Suspension is converted into exemption:

when the imported goods are consumed or incorporated into the importer's production process in the duty-free zone of Manaus;

after remaining for 48 months in fixed assets of the purchaser establishment.

The IBS and CBS rates will be reduced to zero on transactions::

1. Originating outside the duty-free zone of Manaus that allocates industrialized good of national origin to a taxpayer established in the duty-free zone of Manaus qualified to enjoy the regime and subject to IBS and CBS regular regime or opting for the Simples Nacional regime.

- The taxpayer subject to IBS and CBS regular regime that carries out the transactions will record and use the related credits to the previous transactions.
- The IBS will be levied on the entry into the state of Amazonas of tangible goods that have been contemplated with a reduction in tax rates to zero, except if destined to an industry with incentives, for use in the duty-free zone of Manaus
- the IBS taxpayer will be the recipient of the transaction;
- The tax calculation base will be the transaction amount.

The taxpayer subject to the regular IBS regime will be granted IBS presumed credit related to the purchase of tangible industrialized good of national origin contemplated by IBS rate reduced to zero.

The presumed credit will be calculated by applying the following percentages to the transaction amount:

- 7.5% for goods from the South and Southeast regions, except from the state of Espírito Santo; and
- 13.5% for goods from the North, Northeast and Midwest regions and the state of Espírito Santo.



2. Carried out by an industry with incentives, that allocates intermediate tangible goods to another industry with incentives in the duty-free zone of Manaus, as long as the delivery or availability of the goods occurs within said area.

Taxpayers subject to IBS and CBS regular regime carrying out the transactions referred to in the head provision will be ensured of the recording and use of credits related to the transactions above.

The industry with incentives in the duty-free zone of Manaus will be granted IBS and CBS presumed credits in transactions destined to the national territory of tangible goods manufactured by the industry with incentives itself in said area, according to the approved economic project.

The benefits granted by the state of Amazonas and other states and the returns will be those provided for in the respective current legislation.

The CBS presumed credit will be calculated applying the following percentages:

- 6% on the sale of products whose IPI rate has been reduced to zero;
- 2% in other cases



From January 1, 2027, the IPI rate on industrialized products in the duty-free zone of Manaus will be reduced to zero in 2023 and subject to a rate lower than 6.5% in the TIPI



## FREE TRADE AREAS

Benefits will be applied until December 31, 2050

Free trade areas contemplated:

- Tabatinga, in Amazonas
- Macapá and Santana, in Amapá
- Guajará-Mirim, in Rondônia
- Brasiléia, extending to Epitaciolândia
- Boa Vista and Bonfim, in Roraima
- Cruzeiro do Sul, in Acre

Qualification requirements:

- Specific registration in Suframa register.
- Specific registration and approval of an economic project by the Suframa Board of Directors, based on the respective basic production processes, for development of industrialization activities for products whose final composition contains a preponderance of raw materials of regional origin, coming from the animal, vegetable, mineral segments, except for ores in Chapter 26 of the NCM/SH, or agrosilvopastoral raw materials, subject to the relevant environmental legislation.

The IBS and CBS levy on imports tangible goods carried out by a qualified industry and subject to the IBS and CBS regular regime for incorporation into its production process will be suspended.

- The suspension does not apply to imports of:
  - goods not contemplated by the regime (E.g.: Weapons, ammunition, tobacco, alcoholic beverages);
  - goods for personal use and consumption, except where proven to be necessary for development of the taxpayer's activity linked to the approved economic project.

## FREE TRADE AREAS



The IBS and CBS rates applicable to transactions originating outside free trade areas that allocate industrialized good of national origin will be reduced to zero to a taxpayer established in free trade areas:

- o Qualified to operate under the regime
- o subject to the IBS and CBS regular regime or opting for the Simples Nacional regime

The taxpayer subject to IBS and CBS regular regime and qualified will be granted IBS presumed credit related to the purchase of tangible industrialized good of national origin contemplated by IBS rate reduced to zero.

- The presumed credit will be calculated by applying the following percentages to the transaction amount:
  - 7,5% for goods from the South and Southeast regions, except from the state of Espírito Santo; and
  - 13,5% for goods from the North, Northeast and Midwest regions and the state of Espírito Santo.

The industry subject to IBS and CBS regular regime and qualified to the regime will be granted CBS presumed credit relating to transactions with tangible goods destined to the national territory and produced by the industry itself in the free trade area pursuant to the approved economic project.

- The presumed credit will be calculated by applying a percentage of 6% to the transaction amount

The IBS and CBS presumed credits may only be used for offset, respectively, against IBS and CBS amounts due by the taxpayer, offsetting against other taxes and reimbursement in cash prohibited.





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