

Tax Reform Regulation

Supplementary Law No. 214/2025

Our assessment



Evaluation of the taxation applicable to the Group's operations and diagnosis of the impacts based on the approval of the Constitutional Amendment and Supplementary Law No. 214/2025 with guidelines for issuing a descriptive report of the key impacts.

Tax Modeling. Evaluation of the effective impacts for the Group, including calculations and projections to be developed by a consulting firm to be contracted jointly with TozziniFreire.

**Tozzini
Freire.**
ADVOGADOS

THINK
FUTURE

The beginning



2026

- ✓ Test rates of **0.9%** applied to the Contribution on Goods and Services (**CBS**) and **0.1%** applied to the Tax on Goods and Services (**IBS**).
- ✓ Can be offset against **PIS/COFINS or other federal taxes** if there are no sufficient debts.

Taxable events.

- ✓ CBS and IBS will be levied either on **transactions and imports** of tangible or intangible immaterial goods including rights, or on services.

Onerous operations with goods or services

Such as sales, rentals, licensing, loans, etc.

Non-onerous operations with goods or services

Expressly included in the supplementary law.

Simultaneous operations with goods and services

Taxation rules of the primary supply are applicable if the other supplies are ancillary.

Important! Transfers of assets, shareholdings, financial income, dividends, interest on net equity and transactions with securities will not be taxable by CBS and IBS.

Calculation basis.

+ Inclusions

- + Adjustments to the operation value.
- + Interest, fines and charges.
- + Conditional discounts.
- + Transportation value linked to the operation.
- + Insurance and fees.

Exclusion ×

- × Sum of IBS and CBS itself.
- × Tax on manufactured products (IPI).
- × Unconditional discounts.
- × Refunds and reimbursements to third parties with appropriate tax documentation.
- × Between 2026 and 2032, specific taxes set out in the Federal Constitution (ICMS, ISSQN, PIS and COFINS).

Tax Rates.

- ✓ Rates are capped at **26.5%**.

CBS and IBS rates

Will be set by a specific law of the respective federative entity.

Reference rates

Will be set by a senate resolution.

Flexible fixing

Rates can be adjusted by an increase or decrease in relation to the reference rate.

Favored treatment.



National basic food basket

Reduction of tax rates to zero – including animal protein and yerba mate




Liberal professionals defined by law

insertion of a **30% reduction** of the IBS/CBS rate

60% reduction of the IBS/CBS rate


 Educational services


 Health services

 Medical devices


 Accessibility devices for people with disabilities


 Medical drugs

 Food destined for human consumption

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


 Agricultural, fishing, forestry and extraction of fresh vegetable products

 Agricultural and farming inputs

 National artistic, cultural, event, journalistic and audiovisual productions

 Institutional communication

 Sports activities


 Goods and services related to national sovereignty and security, information security and cyber security


100% reduction of the IBS/CBS rate


 Medical devices

 Accessibility devices for people with disabilities

 Medical drugs

 Basic menstrual health care products

 Services provided by non-profit Scientific, Technological and Innovation Institutions (ICTs)

 Passenger cars, according to the criteria and requirements established by the supplementary law, when purchased by people with disabilities and people with autism spectrum disorder, directly or through their legal representative or by professional drivers, under the terms of the supplementary law, who use the car in the rental category (cab)

 Vegetables, fruits and eggs

Broad non-cumulativeness.

- ✓ Broad tax credit, **offsetting the taxes owed against the amount levied on all transactions** involving the acquisition of tangible or intangible property.

Tax Credit Appropriation

IBS and CBS taxpayers can appropriate credits for these taxes when they pay the IBS and CBS levied on goods and services purchased.

✓ Allowed

Credits are allowed for uniforms, PPE, health plans, meal vouchers and food vouchers when **they are intended for employees and are the result of a Collective Bargaining Agreement.**

Not allowed ✗

It is not allowed to appropriate IBS and CBS credits on goods and services **intended for personal use and consumption.**

Immune, exempt or zero-rate operations

- ✗ Do not allow accruing of credits for future operations.
- ✗ Immunity and exemption cause the annulment of credits from previous transactions.



Credit maintenance

For zero-rate transactions, credits from previous transactions are kept.



Validity period of credits

The right to use the credits expires five years from the last day of the reporting period in which the credit was accrued.



Credit utilization

The credits accrued in each period can be used to offset, respectively, the IBS and CBS from operations in the same calculation period.



Restitution in the event of undue payment

The restitution of IBS and CBS, in the event of undue payment, will only be due to the taxpayer if the operation did not generate any credit for the purchaser of the goods or services.

- ✗ **The transfer** of IBS and CBS credits to another person or entity without legal personality **is not allowed.**

CBS e IBS – Payment.

Four modalities

Credit offsets

Payment

Split Payment >

Payment by the acquirer

Split Payment

- ✓ Payment service providers participating in the operation must segregate and collect the IBS and CBS amounts to the IBS Management Committee and the Federal Revenue at the time of the financial settlement of the transaction (split payment).
- ✓ Option for a simplified split payment procedure with percentages to be established by the Management Committee and Federal Revenue.

A bid to reduce tax evasion

Split payment.

The administration responsible for the handling of the tax operation will consult: **(a)** whether the debt has already been paid; **(b)** whether there are credits accrued by the supplier that will be attributed to the debt subjected to the split.

Operation: R\$ 100,00
IBS/CBS: R\$ 25,00

Conduction of the operation

R\$ 125,00

(-)

Split

Split



Federal Revenue Committee
*(xyz2w)



Technology



Electronic invoice

*(xyz2w)

↑ Mutual information ↓

Payment method

*(xyz2w)



Payment institution

*(xyz2w)

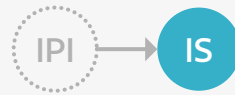
R\$ 125,00

Financial settlement of the operation

Place of tax incidence.

✓ **Tax due in the state of consumption:** destination principle.

Excise Tax (IS).



- ✓ **Accrual of the Union**, levied on the production, extraction, sale or import of goods and services harmful to health and the environment (cigarettes and alcoholic beverages), replacing the tax on manufactured products (IPI).

✓ Occurrence

Production, extraction, commercialization or importation of goods and services harmful to health or the environment.


Non-occurrence ✗

Exports of goods and services subject to the IS as well as electricity and telecommunications transactions.

Goods subject to the IS

- ✓ Vehicles.
- ✓ Vessels and aircrafts.
- ✓ Smoking products.
- ✓ Alcoholic beverages.
- ✓ Sweetened drinks.
- ✓ Extracted minerals.
- ✓ Betting contests.
- ✓ Fantasy sport.


Specific tax regimes.


 **Fuels and lubricants:** single-phase, uniform rates and possibility of granting credit to taxpayers


 Financial services

 **Operations covered by an international treaty or convention:** including those relating to diplomatic missions, consular offices, representations of international organizations and their accredited officials


 Real estate operations


 Health care plans and betting contests

 Government purchases

 Cooperative societies


 Hospitality services

 Amusement and theme parks


 Bars and restaurants

 Travel agencies

 Regional aviation

 Sports activities developed by **'limited liability soccer companies'** (Sociedades Anônimas de Futebol)

 **Low-carbon** biofuels and hydrogen

 Services of inter-municipal and inter-state road, rail and waterway **passenger transportation**

PIS/COFINS credit balance.

- ✓ PIS and COFINS credits, including presumed credits, which have not been appropriated or used by the date of extinction of these contributions, **will remain valid and usable.**

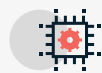
Manaus Free Zone (ZFM).

- ✓ The Executive Branch will issue a decree listing all the products manufactured by the Manaus Free Zone on 12/31/2023 for which tax rates will be maintained; all other products will have their IPI rate reduced to zero.

Free Trade Zones (ALC).

- ✓ Benefits apply until December 31, 2050.

Attention points.



Implementation of technological solutions



Reassessment of operating models



Assessment of the impacts on the company's current structure



Revision of contractual clauses