

May 18th, 2023

# OVERVIEW OF TAX REFORMS IN BRAZIL

VIS A VIS THE EU POLICY GROUPS-DRIVEN EXPERIENCE

TAX COMMITTEE OF THE  
BRAZILIAN CHAMBER OF COMMERCE GB



TAX REFORM IN BRAZIL  
WEBINAR

GIOVANA PORTOLESE PhD.



# GIOVANA PORTOLESE

- Senior tax analyst at Receita Federal do Brasil, recently nominated for the OECD Global Forum on Transparency and Exchange of Information Train the Trainer Programme.
- PhD in European Tax Law, University of Bologna.
- Postdoctoral researcher in Global Tax Governance, Leiden University (2019-2020).
- Passionate for the policy process behind the law making in international taxation.
- Enthusiastic learner of good governance principles and ESG & Tax.



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# AGENDA



- 4** TAX REFORMS IN BRAZIL
- 5** TAXING POWERS IN BRAZIL
- 6-8** PROPOSAL OF REFORM ON CONSUMPTION TAXES
- 9-10** CHALLENGES FOR PASSING THE REFORM
- 11** EUROPEAN UNION POLICY GROUPS-DRIVEN EXPERIENCE
- 12** FOOD FOR THOUGHT

# TAX REFORMS IN BRAZIL



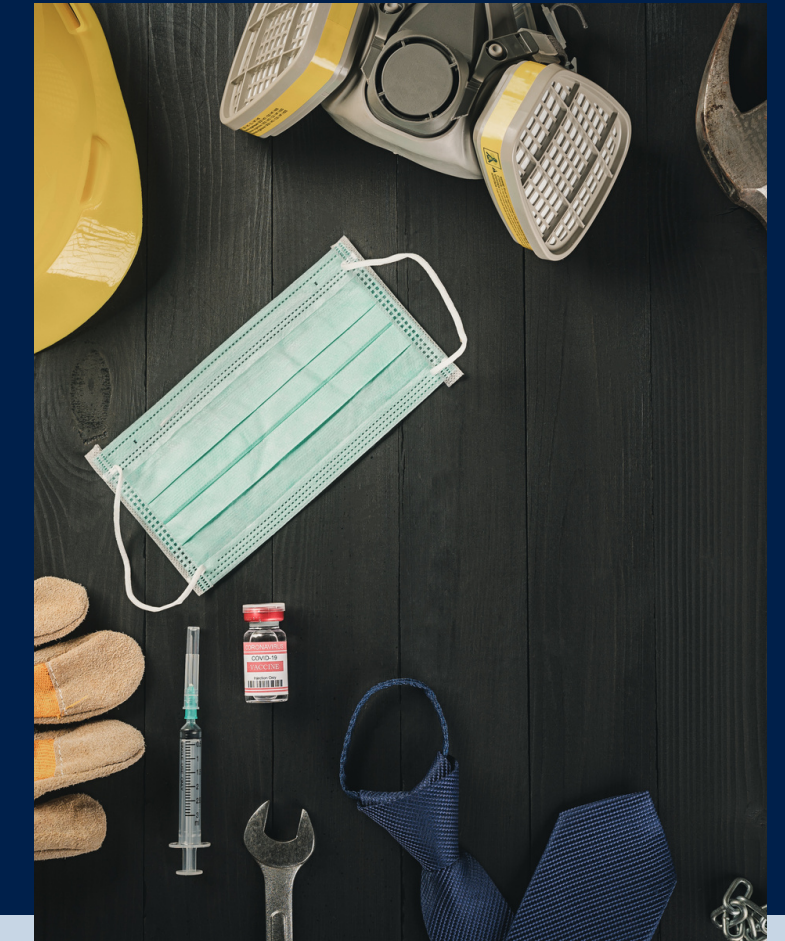
**Consumption taxes: IPI, PIS, COFINS, ICMS, ISS**  
**COMPREHENSIVE APPROACH** by Constitutional amendment



**Corporate Tax**  
**Personal Income Tax**  
**PIECEMEAL APPROACH** by Provisional Measure



**Administrative**  
**Tax Procedure & Practices**

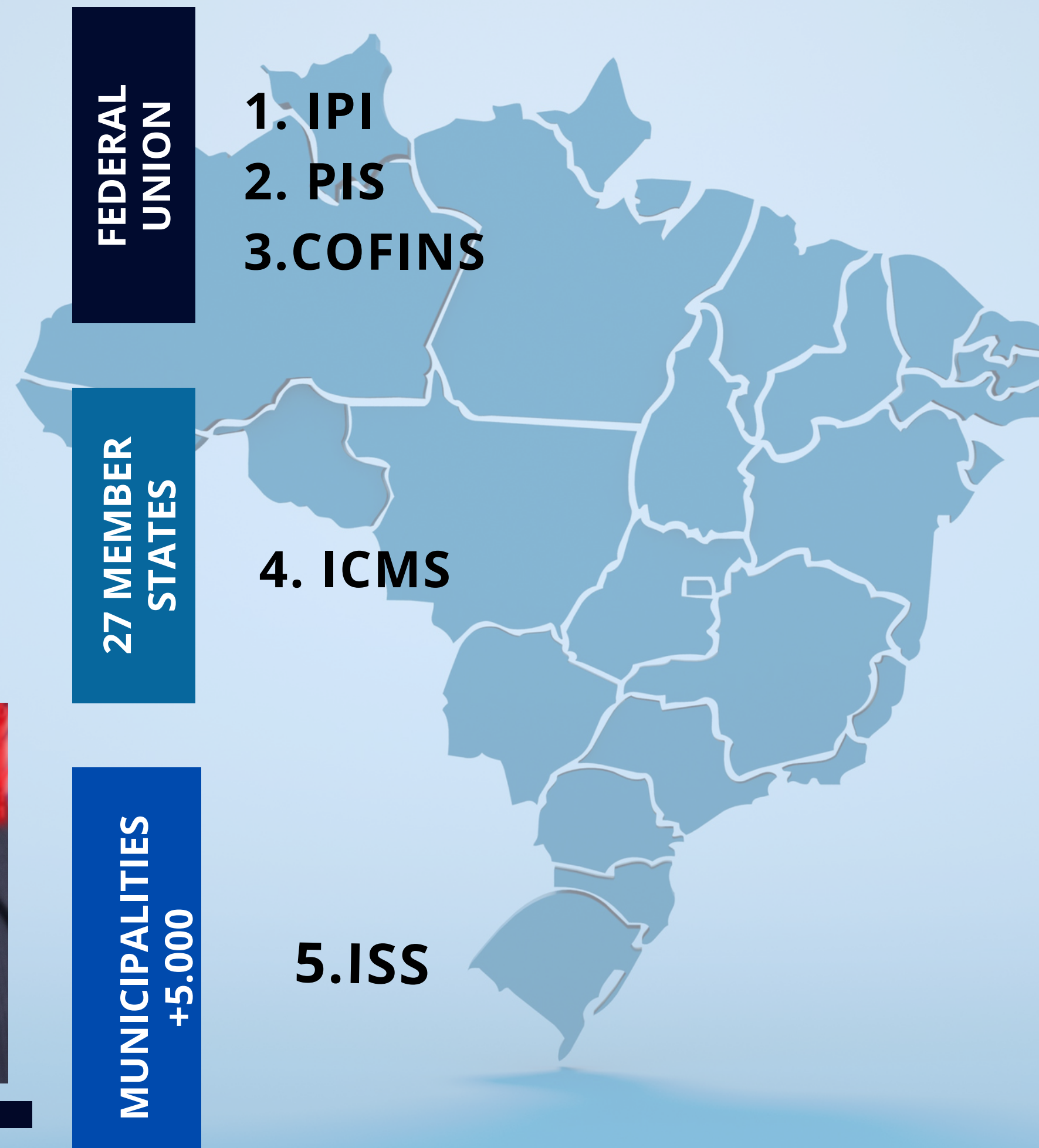


**Labour taxes**



# SHARED TAXING POWERS

on  
CONSUMPTION TAXES  
& EXCISES



# PROPOSALS

## CONSUMPTION

### TAXES

Proposals for  
Constitutional

amendment (PEC)

TAXES

TAXING RIGHTS

TAX RATES

PEC 45/2019

- IBS
- EXCISE

- IBS: FU, MS & M
- Excise : FU

- IBS: uniform (cashback)
- Excise: not uf.

PEC 110/2019

- IBS
- CBS
- EXCISE

- IBS: MS & M
- CBS: FU
- Excise: FU

- IBS & CBS: unif. (cashback)
- Excise: not uf.

PEC 46/2022

NATIONAL LAW  
for ICMS & ISS

- ICMS - MS
- ISS: M

- ICMS: range
- ISS: range

GOVERNMENT SUPPORT

# PROPOSALS

## CONSUMPTION TAXES

Proposals for Constitutional amendment (PEC)

	PEC 45/2019	PEC 110/2019	PEC 46/2022
TAX BENEFITS & PREFERENTIAL REGIMES	<ul style="list-style-type: none"><li>• NO</li><li>• TRANSITION RULE 12 YEARS</li></ul>	<ul style="list-style-type: none"><li>• NO</li><li>• EXCEPTIONS CONSTITUTIONAL PREFERENTIAL REGIMES</li></ul>	<ul style="list-style-type: none"><li>• ISS: NO</li><li>• ICMS: t.b.d. national law</li></ul>
REGIME	<ul style="list-style-type: none"><li>• principle of destination</li><li>• IBS: deductible at each stage</li></ul>	<ul style="list-style-type: none"><li>• principle of destination</li><li>• IBS &amp; CBS: deductible at each stage</li></ul>	<ul style="list-style-type: none"><li>• proposal to improve the current regime</li></ul>
MANAGEMENT	<ul style="list-style-type: none"><li>• IBS: shared t.b.d. in law</li><li>• Excise: FU</li></ul>	<ul style="list-style-type: none"><li>• IBS: FEDERATIVE COUNCIL</li><li>• CBS &amp; EXCISE: FU</li></ul>	<ul style="list-style-type: none"><li>• ICMS: Committee</li><li>• ISS -Committee</li></ul>

# TRANSITION RULES

## PEC 45/2019

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6 years

2 years: IBS tax rate fixed by the Senate.

3 to 5 REDUCTION of tax rates current taxes v.s

INCREASE of IBS rate

## PEC 110/2019

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7 years

2 years IBS tax rate 1%

3 to 6 years- reduction of tax rates current taxes v.s

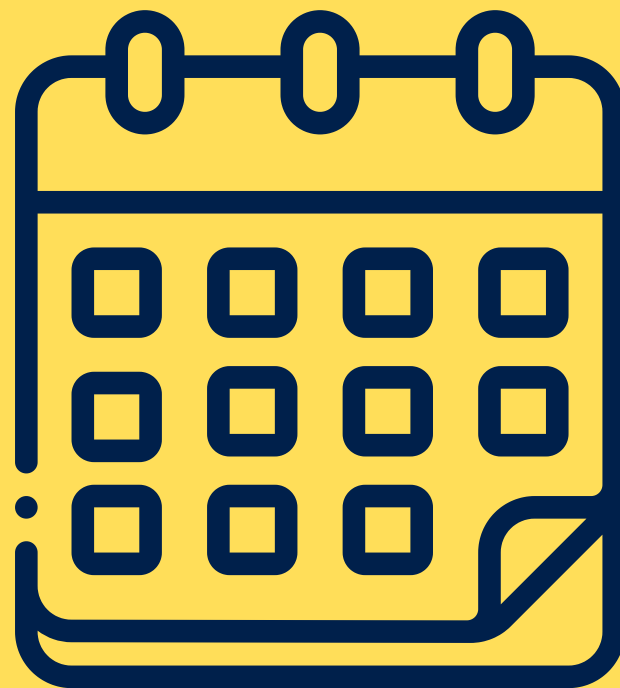
INCREASE of IBS rate

CBS: 2 first years fixed rate to be compensate to the  
extinction of PIS/Cofins

## PEC 46/2022

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None





# CHALLENGES for passing the reform?



## **ECONOMIC SECTORS**

SERVICES, AGRICULTURAL, RETAIL

- TAX RATES
- TAX INCENTIVES



## **FEDERAL ENTITIES**

MEMBER STATES & MUNICIPALITIES

- TAXING POWERS
- REVENUES

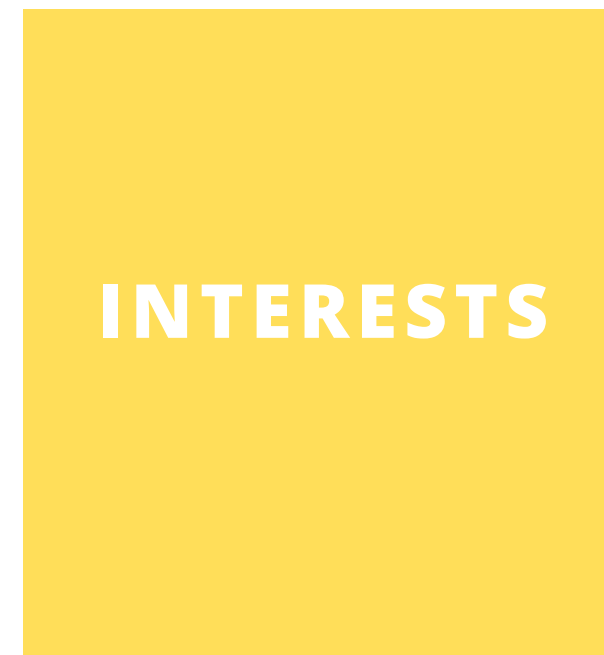
# THE MISSING POINT?



# SHIFTING TAXING POWERS



# THE EUROPEAN COMMISSION POLITICAL STRATEGY





## Code of Conduct Group

Member States

**Tax Competition**

- Tax Rulings
- EU Black Listing



## Transfer Pricing Forum

Member States  
Businesses

**Elimiate double taxation**

- Harmonization of TP practices



## Platform for Tax Good Governance

Member States  
Businesses  
Civil Society

**Fair and simple taxation**

- ATAD Directives
- CCCTB proposals

**EC Coordination**

## Is there room for Tax Policy Groups in Brazil?

- Institutionalized policy groups
- Permanent basis
- Agreed rules of procedure
- Coordination of Ministry of Finance
- Involvement of the Parliament before the proposal of the law
- Negotiation techniques



### TAX REFORM ON CONSUMPTION

CODE OF CONDUCT GROUP

- UNION
- MEMBER STATES
- MUNICIPALITIES
- BUSINESSES under invitation



### CORPORATE TAX REFORM

PLATFORM FOR TAX GOOD GOVERNANCE

- MINISTRY OF FINANCE
- BUSINESSES
- CIVIL SOCIETY

