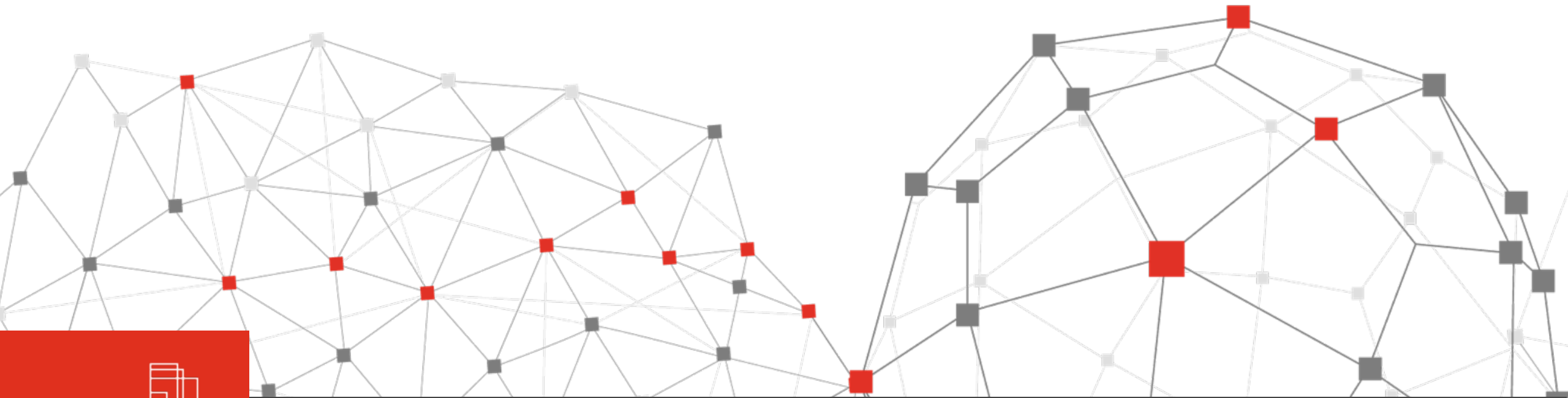
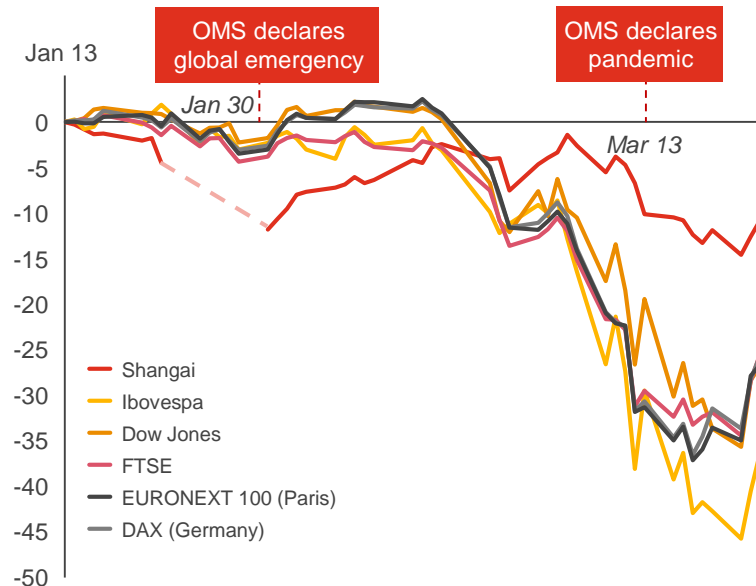


The Tax Function facing up to the Covid-19 challenges



In the face of deep uncertainty and an unprecedented crisis, it is essential that the Tax Function understands the challenges that it will need to confront and how it will support business recovery.

Global economic crisis... %



Covid-19 presents immediate challenges for tax management...

- How to efficiently manage teams working remotely?
- How to ensure the continuity of the Tax Function's routines and processes? How will data access and traffic work?
- How to ensure compliance with tax reporting and payment deadlines?
- How to continue to support the company's business areas?
- How to secure cash tax efficiencies/benefits?

... that may, gradually, become opportunities for the Tax Function to effectively contribute to the stronger return of the organization once regular business operations return.

This material presents insights on how to understand the Covid-19 impact waves, adapt your Tax Function and prepare it for the future.

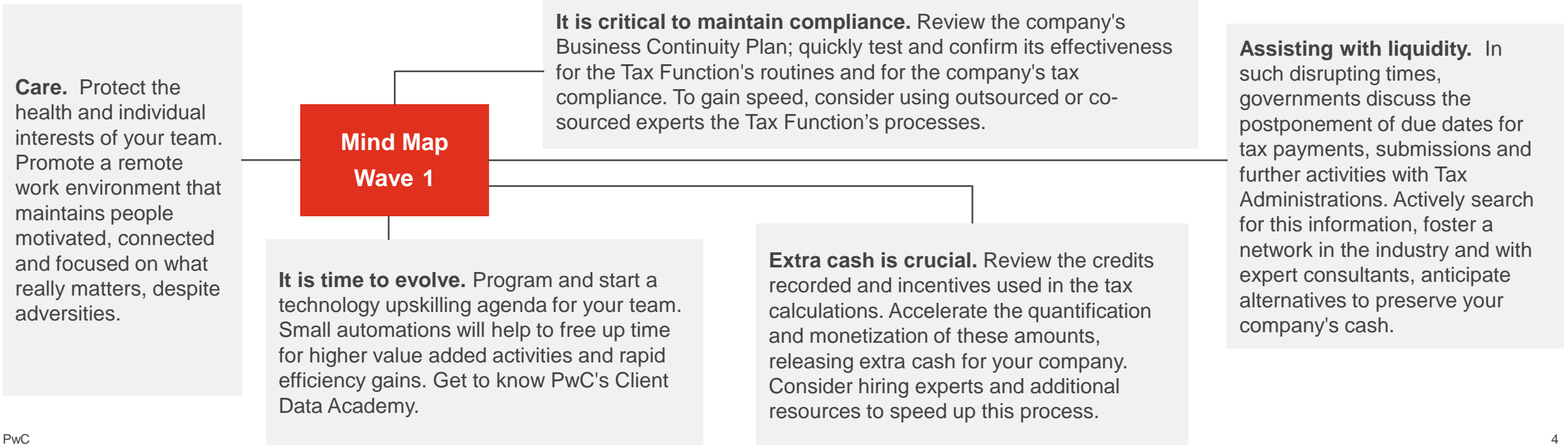
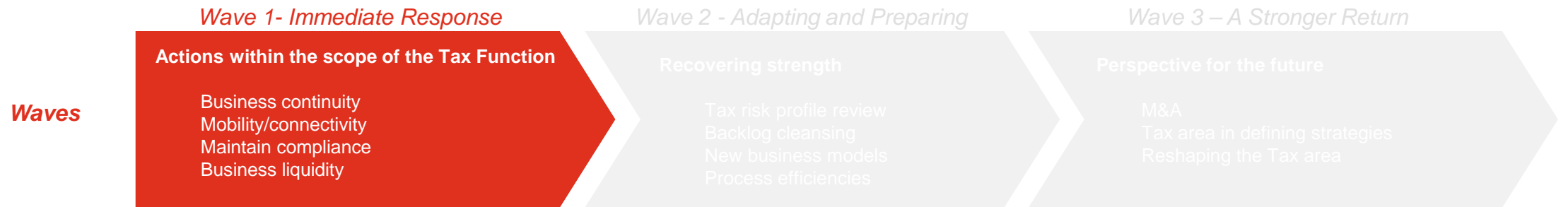
Covid-19: Adapting and preparing the Tax Function for current and future disruption



<i>Waves</i>	<div style="background-color: #e67e22; color: white; padding: 5px; text-align: center;">Actions within the scope of the Tax Function</div>		
<i>Identified/possible pain points</i>	<ul style="list-style-type: none"> • Remote work connections • Capacity to access data and continuity of activities • Fulfillment of compliance obligations • Cash protection priorities 	<ul style="list-style-type: none"> • Tax and compliance risks • Adjustments required after Wave 1 to fix compliance quality issues • Demand for business models with increased tax efficiency • What is the Tax Function's "new normal"? 	<ul style="list-style-type: none"> • Resume business activities + growth agenda • M&A cycle after the crisis • Pressure for reduced and automated structures • Demand for significant business insights
<i>PwC insights</i>	<ul style="list-style-type: none"> • Maintain resources efficiency and upskilling • Tax communication platform • Optimizing tax credits • Structured monetarization opportunities based on effective or contingent tax credits • Monitoring of tax due dates deferrals, additional incentives etc. 	<ul style="list-style-type: none"> • Adaptations and adjustments to corporate tax risk policies; disclosures • Data quality and BI automation • Small automation • New models for the Tax area: Managed Tax Services 	<ul style="list-style-type: none"> • Broader transformation agenda, considering new operating models (Managed Tax Services) • M&A and new businesses readiness • Automation of major processes in progress, tapping into machine learning and AI • Tax Function expected results: new KPIs
<i>Critical agendas for the Tax Function</i>	<ul style="list-style-type: none"> • Operative functional processes • Upskilling • Cash generation driven by tax opportunities 	<ul style="list-style-type: none"> • Small automation efficiencies • New models 	<ul style="list-style-type: none"> • The Tax Function's "new normal" • Fit for growth

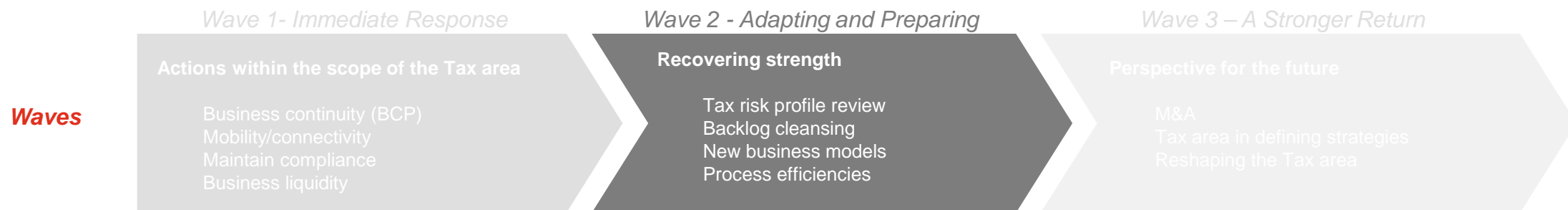
Covid-19: Mind map of actions for the Tax Function

Wave 1 – Immediate Response – The first 45 days



Covid-19: Mind map of actions for the Tax Function

Wave 2 – Adapting and Preparing – The next 45/90 days



Tax risk policies. Certain measures may require the review of tax risk policies due to the “new normal” brought by Covid-19, in order to better accommodate a circumstantial change in risk appetite. Take actions consciously, according to your company’s corporate governance policies. Properly document the complete process with the support of studies and opinions of tax experts.

Maintain compliance. After the Wave 1 closing cycles, tax calculations and reports may need a fix. Consult your tax compliance issues map, review possible situations that require corrections and proceed accordingly.

Mind Map Wave 2

Disclosure – pay special attention. Assess the impacts of the disclosure of actions denoting an adapted risk profile, pursuant to the accounting standards and tax reports. Use a tax accounting expert for these purposes.

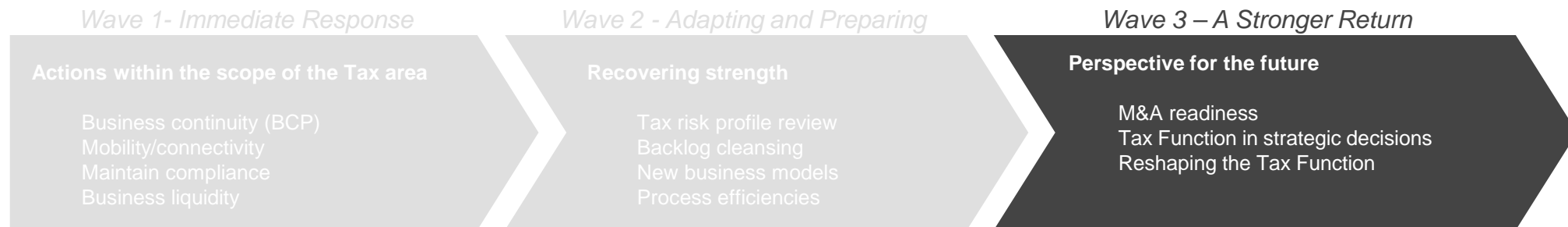
Putting new skills into action. Qualified team? Motivated? Engaged in the company's response to adversities? Closer to the business areas? So it is time to put all the competences acquired in Wave 1 into action! Start by automating small routines (small automation), seize efficiencies and prepare your team for a scenario of broader transformations in the Tax Function.

Reinvent your Tax Function. Search for new operation/organizational models for your Tax Function. Adversity times help us to reflect on more streamlined, flexible and scalable models with mobility. Consult PwC on models for the Tax Function and the concept of Managed Tax Services.

Covid-19: Mind map of actions for the Tax Function

Wave 3 – A Stronger Return – After 90/120 days and perspective for the future

Waves



Your Tax Function's "new normal". The Tax Function's learning was intense and its contribution to the organization helped it emerge stronger after Covid-19. The Tax Function is now much better - more efficient and digitally enabled. Now, it operates along with the strategic teams in the business. Meet the Tax Function's "new normal".

M&A on the horizon. After a major crisis, there is usually a wave of new businesses. Prepare your Tax Function to respond quickly to the tax issues associated with divestiture and M&A processes. Agility and incremental gains may be obtained with specialized tax and corporate consulting support.

Ready for a transformation project. The time is now! After small automation cycles, teams are prepared to think ahead about their processes and data flows, supported by appropriate technologies. Start a broader automation and process efficiencies project. Define the current maturity of your Tax Function and establish continuous improvement processes. Base your decisions on a robust methodology - know PwC's T3M: Tax Management Maturity Model.

The next frontier of technology. Encourage your team to keep evolving in their upskilling journey. Start a new cycle focused on machine learning and artificial intelligence competences to achieve results with predictive tax analytics.

New KPIs. A fit for growth Tax Function reaches high productivity rates. Now, the next step: set indicators to measure your Tax Function's competitiveness.

Mind Map Wave 3



Covid-19: checklist for Tax Function readiness

In these unprecedented times, we hope that our view of the Covid-19 crisis impact waves on the Tax Function, as well as the mind map that we have prepared with key topics and priority measures for each wave, will be of use in the creation of your crisis management agenda.

During the first weeks of adaptation by the Tax Function structures to a new system and work space, it is critical reflect on the aspects that demand urgent attention from a tax perspective – they represent the risks or opportunities which may require specific and dedicated internal or external resourcing to assist with immediate evaluation. For a quick view of these aspects, see in the next section a **checklist of the Tax Function's readiness**.



Covid-19: Readiness checklist for the Tax Function

The checklist below was prepared by PwC Tax experts and can help you assess how your Tax Function is prepared for the current disruptive environment.

Initial Assessment



An honest initial analysis

In response to the Covid-19 pandemic, it is essential to analyze the agility of your Tax Function and where improvements should be made to deal with the unexpected while maintaining business continuity.

This checklist includes some key issues that may help you to quickly assess your Tax Function's level of readiness in the relevant areas. Access our contents on Covid-19 for further information.

Operating Model



Have you already considered the impacts of the pandemic on your operational model in the short and long terms?

- How to ensure that remote work will be engaging and productive?
- Does your Tax Function have a solid contingency plan in the event of interruptions such as those resulting from Covid-19?
- What are the control procedures in effect for activities of approval in processes? Are these procedures manual or can they be performed remotely?

Our Tax Reporting & Strategy experts can help your company.

Workforce



How have the following aspects been dealt with?

- How will be communication among the Tax Function professionals? How to ensure that communication is fast and efficient? How to share new available information? How fast will it be shared?
- Have you already analyzed who is essential and necessary to work in the office and avoid business interruption? Will it create unnecessary risk to your professionals?
- Does your organization have remote work policies defined?
- Which are the protocols of the IT and HR department for remote work?

The integrated work of our Systems Consulting and Labor and Social Security Advisory experts can help your company.

Covid-19: Checklist of the Tax area readiness

Tax Compliance



Do you have the resources to meet the global and local tax compliance obligations?

- Will your Tax Function be able to meet all compliance due dates?
- Is there a process defined to deal with a situation where a deadline cannot be met (inspections, legal requirements for benefits etc.)?
- Are there any activities lacking resources?
- Is it appropriate to consider any support from outsourcing or co-sourcing structures?

Our Tax Reporting & Strategy experts can help your company.

Data Security



Have you already considered the impact of remote work on security and confidentiality of the tax data?

- Which are the protocols in effect to guide the Tax Function employees as to the best practices involving data security?
- Will employees have access to an Internet or VPN safe connection? Are they able to remotely access data, files and systems?
- What weaknesses should be considered and how the data security protocols should be applied?

Our Systems and Cyber Security Consulting experts can help your company.

Automation



Are you considering the use of technology to automate your tax processes and redirect resources to more critical activities, such as the identification of tax opportunities as a cash generation driver?

- Did the Tax Function list the processes more suitable for automation?
- Did the Tax Function assess which automation tools require licensing?
- What are the currently effective robot user policies?
- Which training courses should be offered to professionals?

Our Tax Reporting & Strategy experts can help your company.

Covid-19: Checklist of the Tax area readiness

Tax Cash



Were cash strengthening alternatives with tax reduction evaluated?

- Were structures to accelerate the use of tax credits considered?
- Can more conservative tax credit positions be reviewed?
- What is the organization's position as to the possibility of selling tax credits? Or of structuring finance operations involving effective or potential tax credits?
- Are the available common tax incentives and those arising from extraordinary conditions (such as deferrals, suspensions) being used?

Our Direct and Indirect Tax experts, with a team dedicated to structured operations of debt backed by tax credits, can help your company.

Law and Controversy



Is there a list of the main legal issues that should be assessed based on an exceptional economic environment?

- Which adaptations/exceptions to the ordinary employment regimes have been established for the period of the pandemic? What are the impacts and how to leverage on them?
- Can disputes for the extension of deadlines and/or benefits established in the tax legislation be filed?
- Are there other business and/or contractual impacts to be considered from the legal risk point of view due to the exceptional economic conditions?

Our experts in Tax, Labor and Social Security Controversy can help your company.

Other Tax Issues



Is there another area of responsibility of the Tax Function that requires attention?

- Are all the benefits/incentives set forth in customs legislation being used?
- Are there expatriates/assignees working for the company in Brazil who can face difficulties to leave Brazil or bear an additional tax burden?
- Were all tax accounting matters to be considered mapped (such as tax positions, notes to the financial statements, disclosures, impairments etc.)?

By working together, our experts in Customs, Tax and Immigration Consulting to Individuals, and Direct and Indirect Taxes can help your company.

For further information, access the specific PwC contents for significant issues arising from the Covid-19 pandemic.

For information on how PwC has been responding to the Covid-19 pandemic globally, access:

www.pwc.com/issues/crisis-solutions/COVID-19

For information on Covid-19 for business leaders in Brazil, access:

<https://www.pwc.com.br/pt/estudos/servicos/consultoria-negocios/2020/COVID-19.html>

PwC team experts created a digital assessment tool (Covid-19 Navigator) that can help you understand the potential impact of Covid-19 on your business and measure your response capacity. Access:

<https://www.pwc.com.br/pt/estudos/servicos/consultoria-negocios/2020/COVID-19/COVID-19-navigator.html>

How can we help?

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