Tax Intelligence

Reflections on Brazil's VAT Reform

Special Series

Marketplaces and Brazil's VAT Reform

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The regulation of Brazil's VAT Reform, which creates the Contribution on Goods and Services ("CBS") and the Tax on Goods and Services ("IBS") as the new Brazilian's VAT, has brought important obligations regarding the role of digital platforms ("marketplaces") under the new tax system.

According to Complementary Law ("LC") No. 214/2025 and to the IBS* and CBS Regulations (Comitê Gestor do IBS - "CGIBS" Resolution No. 6/2026 and Decree No. 12,955/2026), marketplaces will play a prominent tax compliance role in enabling the collection of IBS and CBS, starting in 2027 when such taxes take effect.

In this edition we summarize the main aspects of such new obligations, highlighting points of attention for digital platforms located in Brazil or abroad.

*IBS is the subnational VAT (states and municipalities) and, in 2027 and 2028, it will have a reduced rate (0.1%), which will be gradually increased from 2029 to 2032, while ISS and ICMS will be reduced proportionally over the same period. IBS and CBS tax rates are still about to be defined.

In summary:

Foreign supplier

The platform is liable:

- **jointly** with the purchaser, and
- **in substitution** to the supplier.

Until new regulations be issued duly payment of the taxes by the Postal Service ("Correios") or *courier* company on behalf of the purchaser is required for the delivery of the imported goods.

Digital platform in Brazil or abroad

Individual or legal entity purchaser in Brazil

The foreign marketplace must be enrolled with the Brazilian Taxpayer Register ("Cadastro Nacional das Pessoas Jurídicas – CNPJ").

Domestic supplier

The platform is **jointly** liable with the supplier, unless it comply with certain ancillary obligations (new tax returns), as presented in the following topics.

What is a digital platform ?

The Regulations define a digital platform as one that **cumulatively** meets the two requirements below.

Acts as an intermediary between suppliers and purchasers in transactions and imports carried out remotely or by electronic means.

Controls one or more of the following elements essential to the transaction: billing, payment, setting of terms and conditions, or delivery.

An entity is not considered a digital platform if it performs only one of the following activities:

- providing internet access;
- payment services provided by institutions authorized to operate by the Brazilian Central Bank ("BACEN");
- advertising; or
- search or comparison of suppliers, provided it does not charge for the service based on sales.

What will be the new tax liabilities for digital platforms?

Digital platforms, **even if located abroad**, are jointly and severally liable or liable by substitution for the payment of CBS/IBS on **transactions and imports** carried out through them.

The Reform breaks with the old model (ISS/PIS/COFINS), under which the digital platform merely "connected" the parties. Now, it forms part of the taxpayer base for CBS and IBS purposes.

This liabilities apply mainly in the following situations:

- the platform is jointly and severally liable with the purchaser or recipient, and liable in substitution for the supplier, **if the supplier is located abroad**. In this case, the supplier is exempted from CNPJ registration if it carries out transactions exclusively through a digital platform subject to the regular CBS/IBS registration regime.

Oversight and collection from taxpayers located outside Brazil now falls on the platform.

- the platform is jointly and severally liable with the **supplier located in Brazil** when:
  - it fails to provide information on the transactions carried out through it (a matter to be regulated by the Brazilian Internal Revenue Services (Receita Federal do Brasil - "RFB") and the CGIBS;
  - the supplier is a taxpayer (even if not registered in the single registry) and fails to issue a tax document for the value of the transaction carried out through the platform; or
  - the supplier fails to record the transaction in a tax document.

The platform's liability arises when the seller (supplier) located in Brazil fails to issue an electronic tax invoice or issues one with an amount lower than the transaction value (underbilling), in which case the platform is jointly and severally liable, regardless of intent.

Tax liabilities (cont.)

International remittances

Until a new regulation is issued to settle the operational procedures for CBS/IBS payments through the platform, the registration of the Import Declaration and CBS/IBS payment will be carried out by the Brazilian Postal Service (“Correios”) or by the courier company responsible for customs clearance, on behalf of the local purchasers.

Once such regulation is issued, CBS/IBS payments will be carried out directly by the marketplace, provided it participates in cooperative tax compliance programs (such as the “Programa Remessa Conforme”).

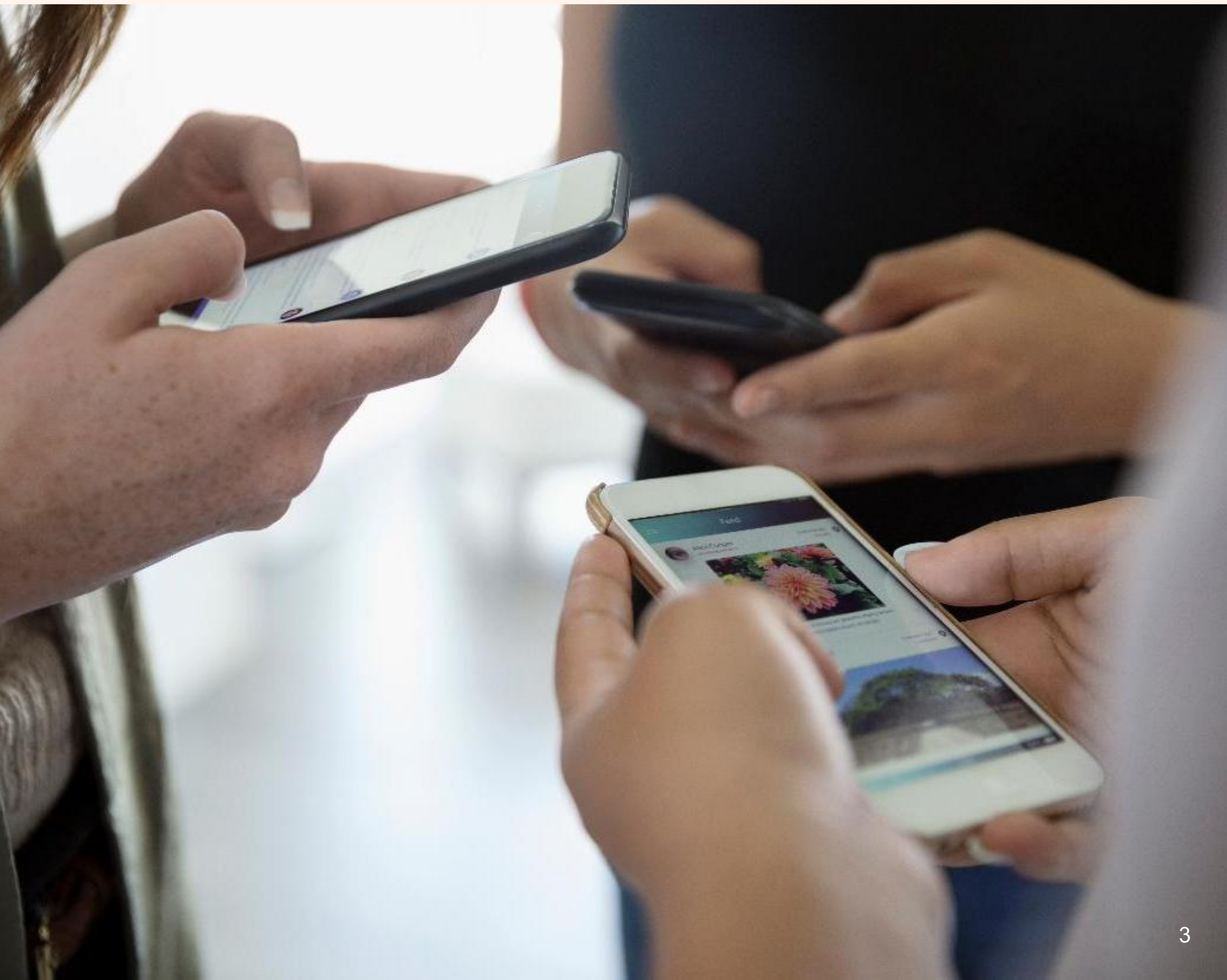
In any case, as a general rule, the respective taxes duly paid on customs clearance is required for the delivery of the imported goods to the purchaser.

When the platform is not liable for CBS/IBS payment?

The digital platform will **not** be liable for the payment of any differences between the amounts of CBS/IBS collected and those actually due on the transaction by a **supplier in Brazil**, provided that:

- it files information for collection via split payment (provided this is possible at the time of the financial settlement of the transaction); and
- it files information on transactions and imports in accordance with the terms of a regulation to be issued from the RFB and the CGIBS.

Note: In the event that the **supplier in Brazil** is a taxpayer of CBS/IBS and fails to issue a tax invoice for the value of the transaction, the platform may resolve this situation if it issues the respective tax invoice within 30 days and pays CBS/IBS accordingly. The platform will not be liable for the late-payment fine and interest, or for the penalty for failure to issue a tax document — these will be charged exclusively to the supplier.



What are the new ancillary obligations (registration, information, and split payment) the platforms will be subject for?

CNPJ registration

Digital platforms liable for CBS/IBS payment, **even if domiciled abroad**, are required to register with the CNPJ and keep their information up to date.

Under the current rules, platforms will have to appoint a legally constituted attorney-in-fact or representative (an individual) domiciled in Brazil, with powers to manage the entity's assets and rights in the country and to represent it before the RFB. A simplified registration procedure for foreign suppliers is still to be regulated.

The **withholding of CBS/IBS** applies if the marketplace abroad is not registered with the CNPJ.

Information on transactions

Platforms must file information of transactions and imports of goods or services carried out through them, in accordance with regulations from RFB (Brazilian Federal Revenue Service) and the CGIBS still to be issued.

The marketplace will become a primary source for tax oversight. This represents an expansion of compliance duties and data governance obligations.

Where the digital platform originates the payment transaction, it must file information for the segregation and collection of CBS/IBS owed by the supplier via split payment.

Issuance of tax documents

Domestic supplier

In the case of a supplier in Brazil, platforms may optionally issue tax documents as detailed in the following topics.

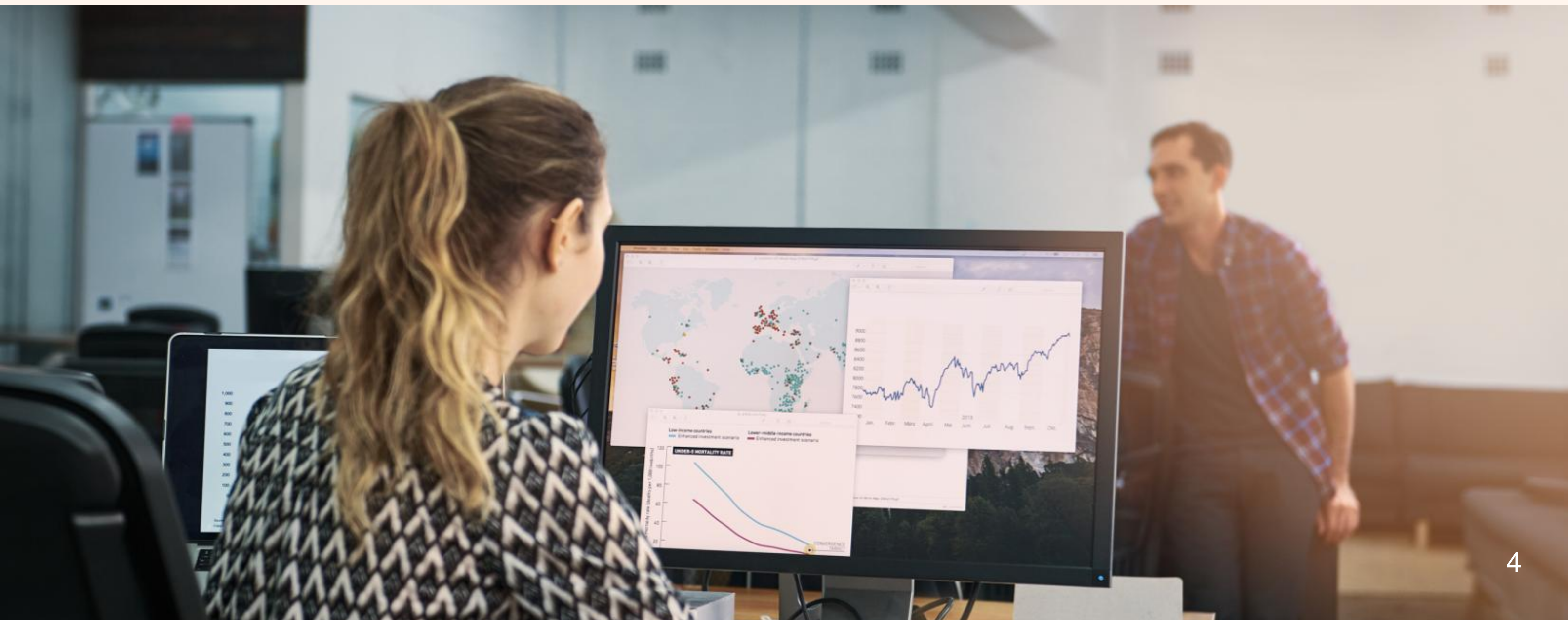
Foreign supplier

Marketplaces will be required to issue a tax invoice for the importation of goods. Such obligation may be waived by a regulation still to be issued. As for the importation of intangibles and services, it has not yet been defined whether a tax document will be required and who would bear that obligation. A closely monitor on this topic would be recommended.

Does the marketplace have to perform the monthly IBS/CBS calculation?

No. Only CBS/IBS qualified taxpayers are subject to monthly calculations - in this case, the purchaser or recipient where the seller is located abroad or the seller located in Brazil - and not the party liable by substitution (i.e.: the digital platform).

However, if the digital platform **opts** to become the tax substitute for the domestic supplier (see the following topic), it will be subject to assess the CBS/IBS balance arising from the transactions it intermediates.



What are the operational options?

The Regulations grant digital platforms two possible courses of action, **subject to agreement with the supplier in Brazil**, pending of regulation to be issued by RFB and CGIBS:

Platform issuing tax documents and paying CBS/IBS on behalf of the supplier

With the supplier's consent, the platform may opt to:

- issue tax documents on behalf of the supplier (including on a consolidated basis)*; and
- pay IBS/CBS based on the value of the intermediated transaction, the supplier remaining liable for any differences due.

*It is important to monitor regulations on this point, since there are currently no means yet in place to operationalize this.

Platform as tax substitute

With the supplier's consent, the platform may act as tax substitute in relation to the transactions it intermediates, in which case it must:

- issue tax documents in its own name relating to the transactions of the substituted supplier (including on a consolidated basis);
- assess the CBS/IBS arising from the transactions; and
- pay CBS/IBS based on the value of the intermediated transaction, with the supplier remaining liable for any differences due.

Which penalties will apply?

Failure to pay CBS/IBS is subject to a 75% fine in *ex officio* assessments. Both the principal amount and the fine may be charged to the digital platform in the cases involving joint and several liability or liability by tax substitution regime.

There are also fines for failure to comply with ancillary obligations (instrumental duties), such as failure to register with the CNPJ or to keep such registration up to date, and failure to issue a tax document, among others.

Takeaways

Platforms in Brazil should assess their pricing strategies, define their operating model, structure data and tax information governance, size their risk and penalty exposure, among other points of attention.

Several operational aspects, however, depend on regulations to be jointly issued from RFB and CGIBS. Marketplaces should closely monitor this regulatory process in order to influence these regulations to the extent possible, as well as to develop operational and tax governance strategies to efficiently comply with such new rules.

Want to understand more about how this subject can impact your business? Contact PwC.

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