A Practical Guide to Brazil's Consumption Tax Reform

21.08.2026 1 min read

Related areas

Tax

Topics

Tax Tax Reform

The Consumption Tax Reform will affect how businesses price transactions, calculate tax liabilities and input credits, and remit taxes through mechanisms such as split payment. But its impact goes far beyond tax compliance. Businesses will need to do more than compare their current and future tax burden—they will need to reassess how they operate under the new framework.

DOWNLOAD THE PDF | VIEW AS A FLIPBOOK

Constitutional Amendment 132/2023 replaces Brazil's main consumption taxes: ICMS (the state VAT), ISS (the municipal services tax), PIS and COFINS (federal gross receipts taxes), and IPI (the federal Manufactured Goods Tax), except for IPI on goods manufactured in the Manaus Free Economic Zone. In their place, the Reform introduces two new taxes: the Tax on Goods and Services (IBS – Imposto sobre Bens e Serviços), within the jurisdiction of the states, municipalities and the Federal District, and the Contribution on Goods and Services (CBS – Contribuição sobre Bens e Serviços), a federal tax.

The reform also introduces the Selective Tax (IS), a federal excise tax on goods considered harmful to health or the environment.
This handbook offers businesses practical guidance on how to prepare for

the Consumption Tax Reform under Constitutional Amendment 132/2023. More than a change to the tax system, the reform will reshape operations, contracts, pricing, supply chains, and strategic decision-making across the business.

BMA Advogados is a leading full service law firm in Brazil, advising companies and investors on the market's most significant and sophisticated transactions.