VAT/GST Rates & Thresholds - Brazil

VAT / GST

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# Rates

**Reduced VAT / GST rate**

Not applicable

**Standard VAT / GST rate**

12 [[1]](https://resourcehub.bakermckenzie.com/en#ftn1) / 17 & 23 [[2]](https://resourcehub.bakermckenzie.com/en#ftn2) / 17 & 30 [[3]](https://resourcehub.bakermckenzie.com/en#ftn3)

**High VAT / GST rate**

Not applicable

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Note: On June 23rd, 2022, the Brazilian Congress enacted Supplementary law (Lei Complementar) # 194/2022, imposing a cap on the State VAT (ICMS) rates levied over fuels, natural gas, electric energy, communications and public transportation due to their essential nature. Therefore, henceforth ICMS rates regarding this activities must be limited to the general rate – which, with slights differences from state to state, varies between 17% and 20%. With this regard, we are currently overseeing some of the States enacting and / or discussing the increase on their own general rates.

On December 20, 2023, the National Congress enacted the Constitutional Amendment (Emenda à Constituição) # 132/2023. Therefore, the ICMS (together with the Municipal Services Tax – ISS, which currently does not have a VAT nature, and the PIS and COFINS, which are federal gross revenue taxes ) will be gradually extinct, and replaced by a dual VAT system, consisting of 2 new taxes, the IBS and the CBS, with a broad basis. The rates are still being ascertained at the Congress and there will be a transition period as from January 1, 2027, with the new regime entering into full force and effect only by 2033.

[**[1]**](https://resourcehub.bakermckenzie.com/en#ftnref1) VAT for transportation services.

[**[2]**](https://resourcehub.bakermckenzie.com/en#ftnref2)VAT for products imported, sold or transferred within the same State.

[**[3]**](https://resourcehub.bakermckenzie.com/en#ftnref3)VAT for communication services.

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