E-BOOK · EXECUTIVE GUIDE

Brazil's Tax Reform in SAP

What your IT must prepare to cross the biggest tax change in decades — without stopping the operation.

Inove Solutions · inovesolutions.com · 2026 Edition

CHAPTER 1

What changes — in plain language

Brazil's Tax Reform (Constitutional Amendment 132/2023, regulated by Supplementary Law 214/2025) replaces five taxes — PIS, COFINS, ICMS, ISS and, in practice, IPI — with a dual-VAT model:

- **CBS** — federal Goods and Services Contribution, merging PIS and COFINS.
- **IBS** — state and municipal Goods and Services Tax, merging ICMS and ISS.
- **Selective Tax (IS)** — on goods harmful to health and the environment.

Two principles that change the system's logic

Full non-cumulativity: broad credit on virtually every purchase — assessment and bookkeeping change. **Destination-based taxation:** the tax goes where the good is consumed, not where it is produced — per-transaction calculation changes.

> **What about split payment?** The tax may be separated and collected at the moment of payment. That connects the tax world to the financial one — banks, payment rails and reconciliation — which never used to talk to each other.

> **In one sentence** — this is not a rate swap: it is a new tax system living side by side with the old one for 8 years, inside your ERP.

CHAPTER 2

The transition calendar

Year	Milestone	What it means for IT
2026	Test year — CBS 0.9% and IBS 0.1%	Validate the system in production with controlled risk. The golden window.
2027	Full CBS; PIS/COFINS end; IS takes effect	The first real switch in federal tax assessment.
2029–2032	IBS ramp-up; ICMS and ISS phased down year by year	Dual-regime years — two models calculated in parallel.
2033	Full model; legacy taxes extinct	Arrival — for those who prepared.

> **Critical point** — the biggest trap is not calculating the new tax. It is the **dual regime**: for years, SAP calculates, posts and reports under both models at once. Testing that with room to spare is what separates a smooth go-live from a tax contingency.

The 2026 test year exists precisely so mistakes are cheap, in a monitored environment. Whoever reaches 2027 without having tested in 2026 pays the price in risk and in scarce consultants.

CHAPTER 3

Where SAP is impacted

In SAP (ECC or S/4HANA), the reform radiates across five fronts at once:

1. Tax determination

Calculation procedure (TAXBRA/TAXBRJ), condition types, rate tables and the origin/destination logic. New taxes = new conditions, new codes, revised credit rules.

2. Master data

Tax classification of materials and services, NCM codes, customer and vendor tax groups, and the mapping to IBS/CBS/IS. Inconsistent data blocks both calculation and testing.

3. Fiscal documents and SAP DRC

NF-e and statutory reporting change layout and obligations. The reform's technical notes are delivered in **SAP DRC** (Document and Reporting Compliance) — anyone still on GRC NFE (unsupported since 12/31/2025) must migrate first.

4. Accounting and tax assessment

Full non-cumulativity, new ledgers and credit assessment demand a review of the accounting flow and reports.

5. Split payment and integrations

Separating the tax at payment time creates new integrations — banks, payment rails, reconciliation.

> **Architecture decision** — SAP's native tax engine or a tax partner (Sovos, ONESOURCE, Avalara, Synchro)? It is a long-term choice that deserves analysis before the first configuration.

CHAPTER 4

The risks of waiting — and how to start

The three traps of leaving it for later

- **Specialist queue.** Tax-SAP demand piles into the same months. Latecomers pay more and wait longer.
- **Rushed testing.** The dual regime multiplies scenarios; without time, testing becomes wishful thinking.
- **Tax and operational risk.** Wrong calculation means contingencies, assessments — and, at the limit, billing at a standstill.

A practical 5-step roadmap

1. **SAP impact assessment** — tax determination, master data, DRC, accounting, integrations.
2. **Architecture decision** — tax engine; ECC × S/4HANA strategy.
3. **Dual-regime plan** — both models in parallel + a milestone-based test strategy.
4. **Foundation readiness** — environments, infrastructure, security and FinOps for the 2026+ cycle.
5. **Execution in waves** — following the legal calendar, validating at each milestone.

Executive checklist

- ✓ Have we mapped the reform's impact on our SAP?
- ✓ Have we moved from GRC NFE to DRC?
- ✓ Will we use 2026 as a test year — with a plan?
- ✓ Who looks after the foundation (environments, security, cost) during the program?
- ✓ ECC: does our S/4HANA migration talk to the reform timeline?

ABOUT INOVE

Who looks after the foundation of your tax program

The reform in SAP has two halves: the functional-tax side (configuration, technical notes, tax engine) and the **IT foundation that sustains the program**. That foundation is where Inove Solutions works, with the experience of people who know the SAP environment from the inside:

- **SAP infrastructure and environments** — sized for the intense test cycle and the dual regime.
- **Cybersecurity and access governance** — SoD and audit trail on tax changes.
- **Cloud and FinOps** — the cost of multiple environments under control.
- **Support and managed services** — our "life insurance" model: the environment cared for end to end, optimized Opex.

We serve companies such as **Petrobras, Nespresso and Qualicorp**. And we have hands-on experience in the topics of this guide: full DRC configuration, tax localization projects and large S/4HANA programs.

> **Our vision** — we want our clients to have no IT headaches and to be happy. Including crossing, with SAP up to date, the biggest tax reform in decades.

Your company runs SAP and hasn't mapped the impact yet?

The test year is the window. Ask for a reform impact assessment of your environment.

To go deeper, at the Inove Academy: the **Tax Reform dual-operation** quick guide · Reform and NFE→DRC infographics · blog articles — inovesolutions.com/en/inove-academy-en

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