



Brazilian Tax Reform Highlights: Health Sector

Overview & Future Perspectives



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Health Sector

Considerations and potential impacts of EC 132/23

Overview of current taxation:

Medicines (Human and Animal Health)

- PIS and COFINS tax exemption for "Positive List";
- Reduced ICMS for some products/situations;
- IPI zero rate.

Medical Equipment

- PIS and COFINS tax exemption for some items;
- Reduced ICMS for some products or operations;
- IPI zero rate.

Health Services

- ISS, PIS e COFINS;
- Taxpayers adhering to SIMPLES.

Particularities among taxpayers in this segment:

- Lists and categories of medicines with different tax rates and regimes;
- Tax residues especially in hospitals;
- Various ISS rates;
- Monophasic and tax substitution;
- Credit accumulation;
- Tax benefits by agreement terms with states;
- Possibility of exemptions, reductions or other tax exemptions in contracts with Public Administration;
- Different tax treatments depending on the fiscal classification (NCM)

Points of Attention: New Taxation Model

Incident Taxes: ✓ IBS ✓ CBS ✗ IS

- ✓ 60% or 100% rate reduction: health services, medicines and medical-hospital equipment
- ✓ Specific scheme for health plans



- The reduction of IBS and CBS rates by 60% or 100% will be defined by LC, applicable to health services, medical devices and accessibility for people with disabilities, medicines, and products for menstrual health care;
- The incidence matrix rule for the specific taxation regime for Health Assistance Plans will also be defined by LC;
- There is no clear definition in the constitutional text regarding the maintenance of credits in operations with reduced rates;
- Possible impact on cash flow related to the reimbursement deadline for credits eventually accumulated in benefited operations;
- Increase in cost for SIMPLES optants, however, there is the option for non-cumulativity of IBS/CBS;
- Impact of changes in the CMED table, which is responsible for ensuring the transfer of tax variations in the price of medicines;
- Need to reassess margins practiced in the distribution of medicines due to the reduction and/or extinction of tax benefits of the current taxation system;
- Potential effects on the taking of credits on drug inputs that are not effectively acquired (ex. Industrialization by third parties).



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