

ONESOURCE Indirect Tax

International Content August Update

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Update No: 3

ABOUT THIS UPDATE

The August Content Update #3 for ONESOURCE Indirect Tax Determination contains updates to Cloud International Content. Details related to these updates are included in the August Content Update #3 Change Report. Versions 5.5.0.0 and above are supported by this update.

Important Note Regarding Content Update Versions

In Determination 5.7.0.0, Thomson Reuters added tables and columns to the tax content database in support of Compliance and Allocated Charge functionality. Tax content data created for these features is not available in Determination versions 5.7.0.3 and prior. Thomson Reuters has therefore made the decision to produce two versions of tax content.

ABOUT THIS UPDATE.....	1
CONTENT UPDATES	2
Authority Updates	2
Registration Masks.....	3
GLOBAL UPDATES	4
NOTIFICATIONS.....	5
APPLYING THE CONTENT UPDATE	11

CONTENT UPDATES

Authority Updates

Poland

We introduced the temporary VAT rate reduction to 8% on motor gasoline, diesel oil, and standalone bio-component fuels, effective from August 17 through August 31, 2026, in accordance with the Regulation of the Minister of Finance and Economy issued on August 13, 2026.

As part of this change, optional rules are available to apply the standard 23% VAT rate to certain products classified under 2012 Harmonized headings 2012.271012, 2012.271019, 2012.271019, 2012.271020, and 2012.3826, as well as for 2007 Harmonized codes 271011 and 271019, covering products that do not qualify for the reduced 8% VAT rate. For these products, the standard rate can be triggered by using the tax code "STANDARD_RATE."

The content supporting these changes is currently available only in the ONESOURCE Indirect Tax Determination Cloud environments. For customers using ONESOURCE Indirect Tax Determination Original, this content will be released in the first update of September 2026, scheduled for August 25, 2026.

For ONESOURCE Indirect Tax Determination Original customers who need to implement these changes before the official content update, we recommend creating custom rules that align with your specific products or services.

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Content Updates are necessary to keep your Determination up to date with the latest tax rules and rates, and to ensure correct tax calculations. For complete information about downloading and installing updates, refer to the Online Help for ONESOURCE Indirect Tax Determination.

For more assistance, use our online resources or contact Customer Support by opening a support request through the ONESOURCE Customer Center, or call us at +1 312 479 9651 Option 3,9,3.

Registration Masks

A document describing registration masks is available in ONESOURCE Help and Support and is linked to online help. This document describes and gives examples of all registration masks currently supported in ONESOURCE Determination, and is available by signing in and searching at the following link:

[Determination Registration Masks](#)

GLOBAL UPDATES

Global Product Group

As part of our ongoing development of the Global Product Group (GPG), our GPG products will be supported with Product Category Attributes (PCA). PCAs allow clients to use an alternative commodity code reference to activate global content. GPG products may be referred to by clients either by a mapped Product Code (configured as a Standard Mapping), through a direct reference to that GPG product's commodity code, or by using the PCA commodity code. At this time, PCAs are being added only for GPG products that are directly related to an existing US Commodity Code. These PCAs will be displayed on GPG products as UNSPSC attributes.

Future releases will continue to expand our global offering by adding additional content. Please watch for release notes throughout 2026 and beyond.

Canada and Mexico

As GPG continues to evolve, this content is still being developed and will be expanded in upcoming releases, including additional coverage for beverages, medical supplies, oils, and hazardous products.

United States

The Global Product Group is now live and available for use in all US jurisdictions. As part of our standard content review and update process, we will continue to evaluate and enhance this coverage in accordance with evolving regulatory requirements. For details on these updates, please refer to the Global Change Report.

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NOTIFICATIONS

Brazil

The Tax Research team at Thomson Reuters has been continuously monitoring the extensions of tax incentives across the various Brazilian states. In certain cases, although State Legislative Assemblies ratify ICMS Agreements and express their support for the extensions, the effective implementation of such measures depends on the issuance of a formal act by the respective State Executive Branch. Nonetheless, the team remains closely monitoring regulatory developments across all federative units, which are expected to intensify throughout the tax reform transition process.

We are making available an updated list of tax codes and qualifiers for federal withholding tax content named “Brazil Withholding Qualifier and Tax Code Guide List”, which can be viewed at the following link: [Brazil Tax Content Documentation](#).

Thomson Reuters expanded its municipal tax coverage to 1,701 Brazilian municipalities, providing broader jurisdictional coverage and enhanced support for indirect tax determination in Brazil. Despite this expanded coverage, Thomson Reuters continues to provide the IBS-City Template for customers who need to create a custom IBS-City authority. Detailed implementation guidance and step-by-step instructions are available in the Tax Reform Guide, available at the following link: [Brazil Tax Content Documentation](#).

ICMS rules that currently apply a tax base reduction pursuant to ICMS Agreement 34/06 will be updated in upcoming releases to reflect an effective end date of December 31, 2026. The reduction established by this agreement is based on the exclusion of PIS and COFINS contributions from the ICMS calculation base for transactions involving products governed by Law No. 10,147/2000.

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As PIS and COFINS will be replaced by the Contribution on Goods and Services (CBS) effective January 1, 2027, the methodology underlying ICMS Agreement 34/06 will cease to have a legal foundation. Consequently, the active rules that currently utilize the corresponding reduction percentages will be discontinued.

From January 1, 2027, customers who, based on their own legal interpretation, risk assessment, or understanding of the applicable state legislation, determine that the ICMS tax benefit should continue to apply are advised to implement custom rules aligned with their specific products and business requirements.

Brazil Tax Reform

The Tax Reform in Brazil was approved originally through the Proposal of Amendment to the Constitution (PEC 45/2019), resulting in the Constitutional Amendment 132/2023. The approval of the tax reform represents a monumental change in the Brazilian Indirect Tax System, concluding an internal debate that spanned several decades.

The issuance of Complementary Law 214/25 remains almost in total consistent with the original Proposal of Complementary Law 68/24 (PLP). This Complementary Law establishes the foundation for the new taxes, and it also introduces regulations regarding reduced tax rates, specific tax regimes for several sectors, and some methods of tax payment, among other provisions.

The tax changes proposed in EC 132/23 and with Complementary Law aims consolidate five current federal and state taxes (PIS, COFINS, IPI, ICMS and ISS) into the following categories:

a) Social Contribution on Goods and Services (CBS) – Under the jurisdiction of the Federal Government, this consolidates the following taxes: PIS, COFINS, and IPI.

b) Selective Tax (IS) – Under the jurisdiction of the Federal Government, this replaces the IPI and applies exclusively to products that are harmful to health and the environment.

c) Tax on Goods and Services (IBS) – Under the jurisdiction of the States and Municipalities Governments, this consolidates the following taxes: ICMS and ISS.

Complementary Law No. 227/2026 introduces key measures for the implementation of the new consumption tax framework, including the establishment of the IBS Management Committee (CG-IBS/CGIBS); rules governing IBS tax administration and administrative tax proceedings; guidelines for the distribution of IBS revenues; operational integration between the CBS and the Federal Revenue Service; transition rules for the phase-out of ICMS and ISS; and provisions applicable to special zones and differentiated tax regimes.

Building on this framework, Decree No. 12,955/2026, operationalizes the CBS by detailing its scope of taxation, non-cumulative credit system, split-payment mechanics, and new electronic invoicing and compliance requirements, while key elements of the reform remain pending, such as the full operational regulation of the IBS, final tax rates, portions of the transition rules, sector-specific applications, and the final integration model among tax authorities and payment platforms. Complementing this, Resolution No. 06/2026, issued by the IBS Management Committee (CGIBS), advances the practical implementation of IBS by setting common operational rules applicable to both CBS and IBS.

In ONESOURCE Determination Enterprise Cloud, we have already uploaded some elements as described below:

- Authorities of CBS/IBS/IS (ZR/NT taxes)
- Full Rates CBS/IBS
- Reduced Rates for CBS/IBS
- New Rules to support CBS/IBS product taxability

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- Updates in CST codes applicable for CBS/IBS (standard codes)
- NBS Codes
- cClasstrib Codes

We prepared a document ONESOURCE Indirect Tax Determination Brazil Tax Reform FAQ with frequently asked questions about tax reform, which can be viewed at the following link: [Brazil Tax Content Documentation](#).

We prepared a guide with clear instructions on how our ONESOURCE Determination Enterprise is addressing Brazil's Tax Reform in 2026/2027, covering the new taxes CBS (federal) and IBS (state/municipal). The document outlines applicable rules, rates/fees, details of new calculation methods, and some examples, which can be viewed at the following link: [Brazil Tax Content Documentation](#).

In addition, we updated the PIS and COFINS rules and set an end date of December 31, 2026.

The authority Brazil IS (Selective Tax) was created with the standard rates ZR and NL, and an effective start date of January 1, 2027. The calculation logic applicable to this authority is currently under engine development to be delivered in Q3/2026. The rules corresponding to this authority will be created at a future stage, following the applicable legal definitions.

To support customer readiness for the Brazilian Tax Reform, we are planning enhancements to tax determination logic and authority structures related to the incorporation of CBS, IBS, and IS. Additional updates are expected to be made available ahead of the 2027 implementation phase.

We will continue to monitor future legislation and provide updates as additional guidance is issued.

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Brazil Tax Reform – Registration Mask

Under the current NF-e model, taxpayer identification relies on cadastral validations of the CNPJ at the national level and IE at the state level, and documents may be rejected when the State Registration is missing, invalid, or not in good standing.

In the context of the BR tax reform, Complementary Law No. 214/2025 introduces a mandatory national identification framework for IBS and CBS. As of January 1, 2027, CBS federal-level validations will continue to operate as they do today. For IBS determination, however, transactions submitted to ONESOURCE Determination Cloud without the recipient's State Registration, when applicable, will not trigger IBS authority calls and therefore will not result in IBS calculation. This behavior reflects the taxpayer identification requirements established under the tax reform legislation that we have so far and represents expected product behavior.

To support a smooth transition to the new tax model and help avoid unintended disruptions in IBS determination, customers are encouraged to proactively review their master data and system integrations to ensure that the recipient's State Registration is provided whenever required.

Looking ahead to the next transition year (2027), we will share further updates soon.

Denmark

We are monitoring the legislative process for the proposed abolition of VAT on books. Based on recent developments, the measure is currently expected to take effect from 2027, rather than on the originally intended date of July 1, 2026. We will implement the changes once the relevant legislation is enacted.

Estonia

We will update the standard rate of 24% to reflect the indefinite end date in one of the upcoming content updates.

Hungary

We are monitoring the legislative process for the government's proposed VAT changes, which include 0% VAT on prescription medicines from September 1, 2026, and reducing VAT on firewood from 27% to 5% from September 15, 2026. We will implement these changes once the relevant legislation has been enacted.

Japan

In September Content Update #1, we will update the Standard-Rated and Reduced-Rated catch-all rules for limited recoverability. These rules apply to purchase transactions with enterprises not registered under the qualified invoice system, and will be updated to reflect 70% input recoverability. These changes will be effective October 1, 2026.

Philippines

We are monitoring proposals for a VAT reduction or suspension on fuels. We will implement VAT changes once the official law is enacted.

APPLYING THE CONTENT UPDATE

This process is not required for Cloud customers.

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