



Brazil tax reform 2025

Preparing tax & accounting teams
for transformation



Thomson Reuters
Institute

Executive summary

In December 2023, Brazil started a historic change in its tax system: the country's National Congress approved a long-discussed reform that will be implemented gradually starting in early 2026, with full implementation expected by 2033.

The reform aims to simplify the tax system by unifying five existing taxes — tax on the Circulation of Goods and Services (ICMS), Service Tax (ISS), tax on Industrialized Products (IPI), Program of Social Integration (PIS), and Contribution for the Financing of Social Security (COFINS) — into a dual Value-Added Tax (VAT) model.

This new scheme introduces three key figures: the CBS (federal tax), the IBS (state and municipal tax), and the IS (Selective Tax). The main objective of this reform is to facilitate, promote transparency, and enable citizens to better understand how public resources are distributed.¹

For tax & accounting professionals, this reform represents more than a policy shift, it's a systemic transformation. After years of discussions and projections, the stage is set and the first steps of implementation are approaching. These professionals are not mere observers; they are on the front lines, responsible for planning, strengthening processes, and guiding companies, professionals, and taxpayers in general throughout the upcoming transition.

This report, a continuation of the one published in 2024, offers a barometric reading of the sector by measuring the pressure, gauging the winds of change, and identifying where preparations are underway and where vulnerabilities remain. Previously, most tax and accounting professionals were in the early stages of preparation, focused on monitoring developments. While they recognized the potential for simplification and reduction of ancillary obligations, they also anticipated significant challenges, such as increased operational burdens, complexities during the transition, and the risk of a higher tax burden.

This year's report shows that more professionals are now more attentive and engaged with the current context, but many still lack the tools to reinforce their foundations. Only 19% report having a plan or internal team in place, yet most remain in a passive phase, merely staying informed without concrete action. Tax calculation is emerging as the central theme, with 56% identifying that as the most impacted area, followed by pricing strategies and advisory services. Despite this awareness, 34% of responding tax professionals have taken no steps to assess pricing impacts, and only 2% have sought external consulting support.

Technology is leading the response, with investment in tech accelerating across the sector. Yet other critical areas — such as talent training and client support — are not advancing at the same pace. Many professionals say they feel underprepared to guide clients through the transition, even though they recognize these will be among the most affected.

One of the most critical blind spots is the financial cost of adaptation. Although the reform may reshape core operations, few organizations have paused to ask the cost they will bear. The potential impact on annual revenue is real, yet many respondents say their firms are moving forward without a clear estimate. Without a damage estimate, firms' risk being caught off guard when the costs start to rise.

The forecast is clear — action is no longer optional. Without a shift from observation to execution, even the most prepared firms may find themselves exposed when change begins to unfold. The tools are ready, the moment is now, and readiness must move from intention to implementation before challenges arrive.

After years of discussions and projections, the stage is set and the first steps of implementation are approaching.

¹ Miranda, T. 2025; *Regulamentação da reforma tributária é sancionada; conheça a nova lei*. Portal Da Câmara Dos Deputados available at <https://www.camara.leg.br/noticias/1127237-regulamentacao-da-reforma-tributaria-e-sancionada-conheca-a-nova-lei>.

Key takeaways

- **Partial preparation for reform** — Despite the potential cost of reform, financial planning is largely absent. Many professionals haven't assessed the implications for their firms, revealing a strategic blind spot that could hinder resilience.
- **Financial impact underestimated** — The reform could cost up to 2% of annual income, yet only 4% of respondents have calculated this. Half of respondents said they intend to, but many were unaware of the cost, revealing another unmapped strategic risk in financial planning.
- **Technology leads, while talent lags behind** — Efforts are concentrated on digital infrastructure, but human capabilities are lagging. Without stronger investment in training and client readiness, this transition risks being uneven and ineffective.
- **Client support remains weak** — Clients will face the most visible impacts of the reform, yet support systems at many firms are weak. Many professionals are not equipped to guide their clients, leaving a critical gap in the sector's response.

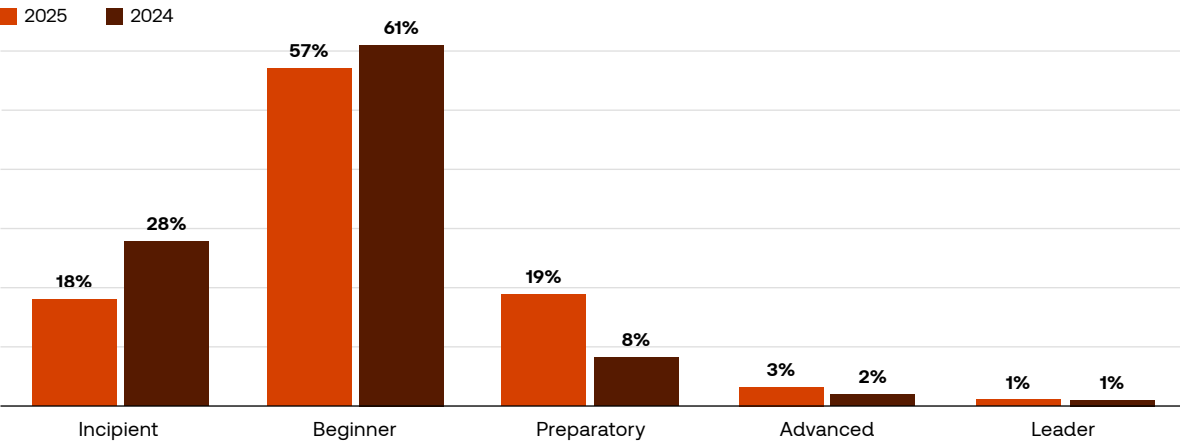
Methodology

The data for this report was gathered from an online survey of tax & accounting professionals in Brazil about their awareness, expectations, and readiness for the upcoming tax reform. A total of 508 industry professionals responded to the survey over the course of July and August 2025. To broaden participation, we also made the survey accessible through an open link on the Thomson Reuters website.

Growing pressure in the sector

Professionals in the tax & accounting sector in Brazil have begun to look toward the horizon with greater attention. After years of anticipation, tax reform is now approaching with tangible momentum. Preparedness has improved; currently, 19% of professionals say they consider themselves in a preparatory phase, meaning they already have a plan or an internal team in place, compared to just 8% who said that in 2024. At the same time, those in an early stage have decreased to 18% from 28% last year, indicating many may be moving into latter stages. However, the majority remain in an intermediate zone: 57% say they are merely staying informed, without a concrete plan.

FIGURE 1:
Level of familiarity/preparedness²



Source: Thomson Reuters 2025

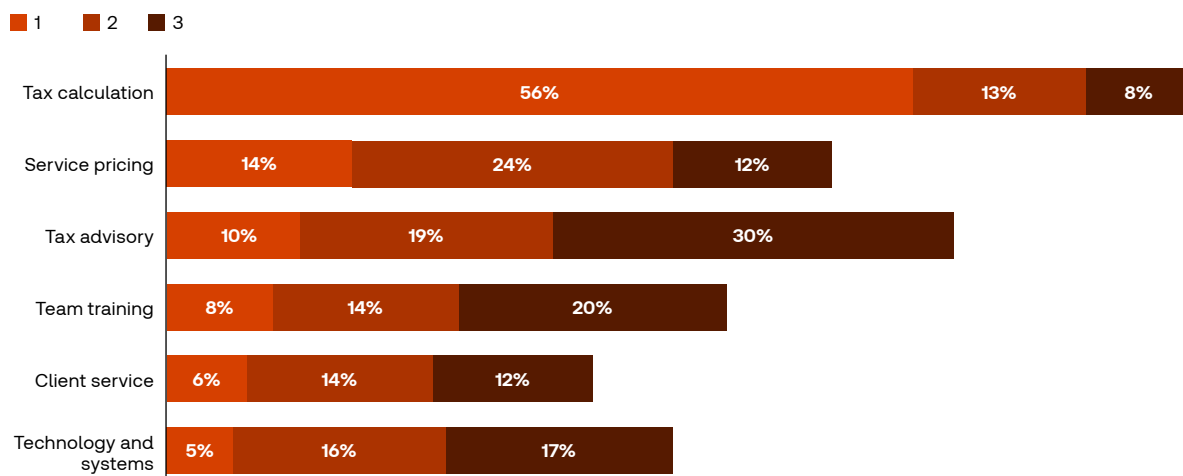
The impact of Brazil's tax reform on professionals in the sector is evident. According to the results, tax calculation is emerging as the most affected area, with 56% of respondents identifying it as their main concern. This is followed by adjustments in service pricing (24%) and changes in tax advisory practices (30%). Combined, these three elements form the core of the anticipated impact.

2 Definitions: Incipient - I am aware of the Tax Reform, but I am not keeping up with the changes. Beginner - I am following updates through the press and reports to evaluate information that fits the firm's and customers' profile. Preparatory - I have an internal working group and/or a developing plan. Advanced - I have allocated resources and a transition project in progress. Leader - I have the structure prepared for the transition and I am working with my team and external providers to anticipate our adaptation.

FIGURE 2:

Expected level of impact from specific changes

Ranked topics according to expected level of impact (1 - most impactful; 3 - least impactful)



Source: Thomson Reuters 2025

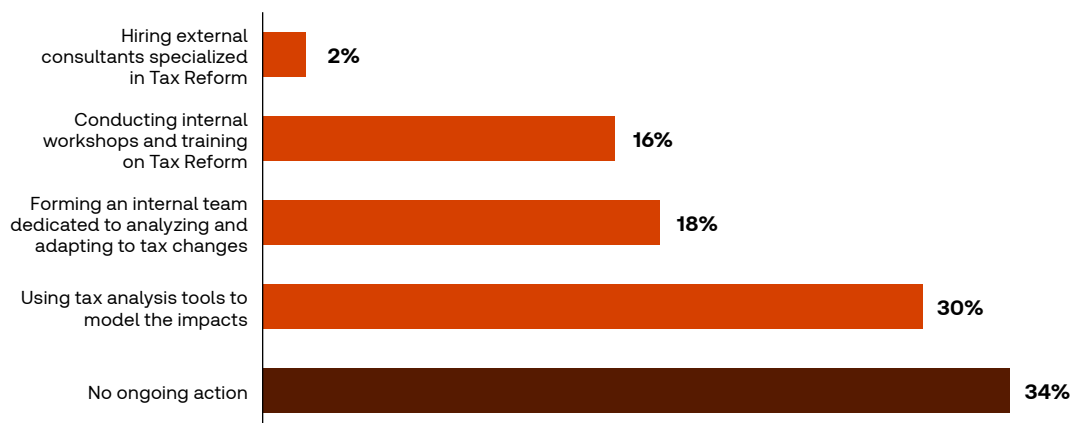
Professionals recognize that the reform will significantly influence how taxes are calculated, prices are set, and tax advisory services are delivered. However, awareness does not always translate into preparedness. When reviewing the actions taken to date, it becomes evident that many organizations are still in the early stages of preparation. Notably, 34% of professionals report having taken no steps to evaluate how the reform might affect their pricing strategies—despite acknowledging that this area will be among the most impacted.

On the other hand, some have already begun to act. Almost one-in-three professionals (30%) say they are using analytical tools to model the impact, 18% say they have formed internal teams dedicated to understanding and adapting to the changes, and 16% are conducting workshops and training sessions on the tax reform.

The data shows mixed results, in which awareness is growing, but action among Brazilian tax & accounting firms remains limited.

FIGURE 3:

Main actions on product and service pricing

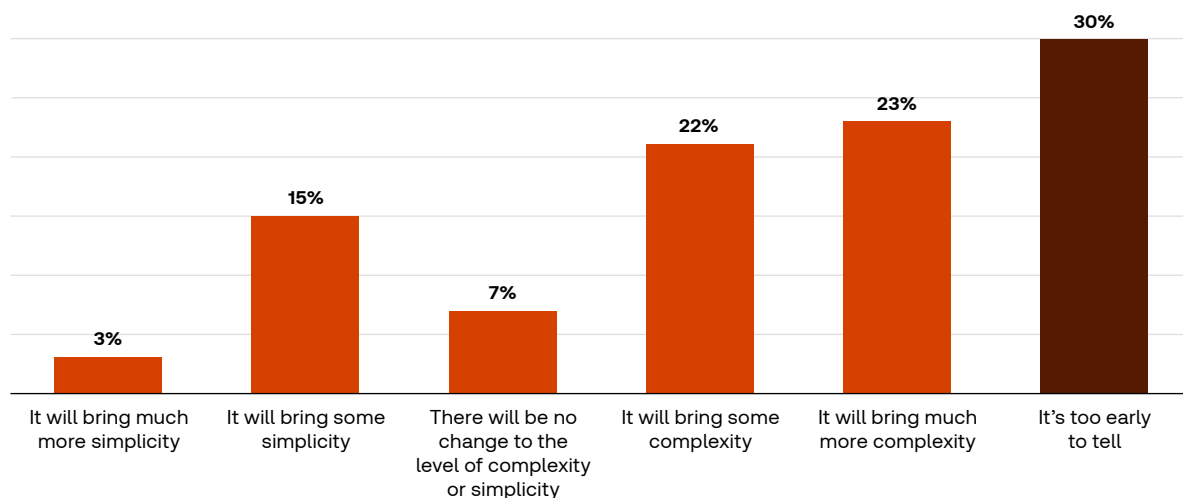


Source: Thomson Reuters 2025

Regarding the complexity of the new system, opinions are divided. About 30% say they believe it is still too early to determine whether the reform will bring more simplicity or more difficulty to accounting practices. Meanwhile, 23% say they anticipate it will be significantly more complex, 22% expect some degree of complexity, and 18% say they foresee a simplification of the system. This dispersion in perceptions highlights the uncertainty that still prevails in the sector.

FIGURE 4:

Simplicity/complexity reform will bring



Source: Thomson Reuters 2025

The sector has started to move, but defenses remain incomplete. Awareness is rising, yet the lack of planning — especially around pricing, operations, and system understanding — suggests many are still watching the context, and the gap between concern and action is a key vulnerability. And one critical aspect continues to be overlooked — the financial cost of adaptation.

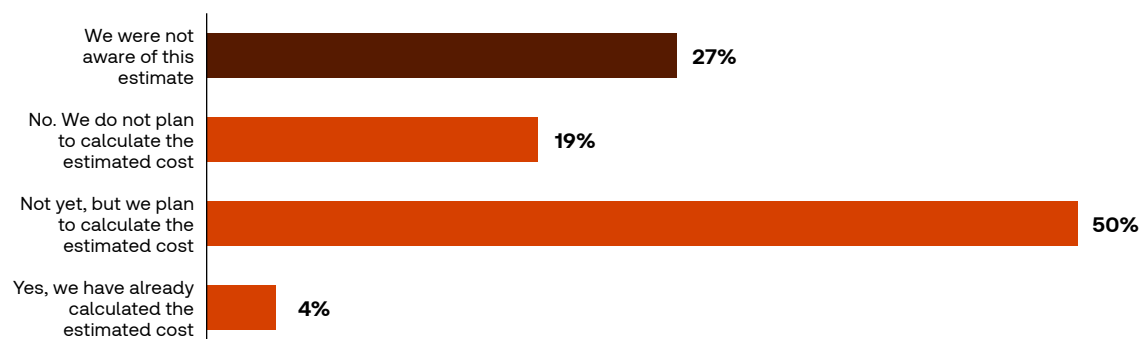
The cost of change

It is estimated that adapting to Brazil's planned tax reform could represent a cost up to 2% of an organization's annual income. When professionals were asked whether they had calculated this cost, the responses revealed a concerning outlook. Only 4% of respondents indicate they had already made an estimate, while half say they have not done so yet but plan to. A notable 19% say they have no intention of calculating it, and 27% were not even aware of this potential financial impact.

This reveals that despite the potential cost, most professionals have yet to quantify it, revealing a stark lack of strategic planning.

FIGURE 5:

Calculation on the cost of adapting

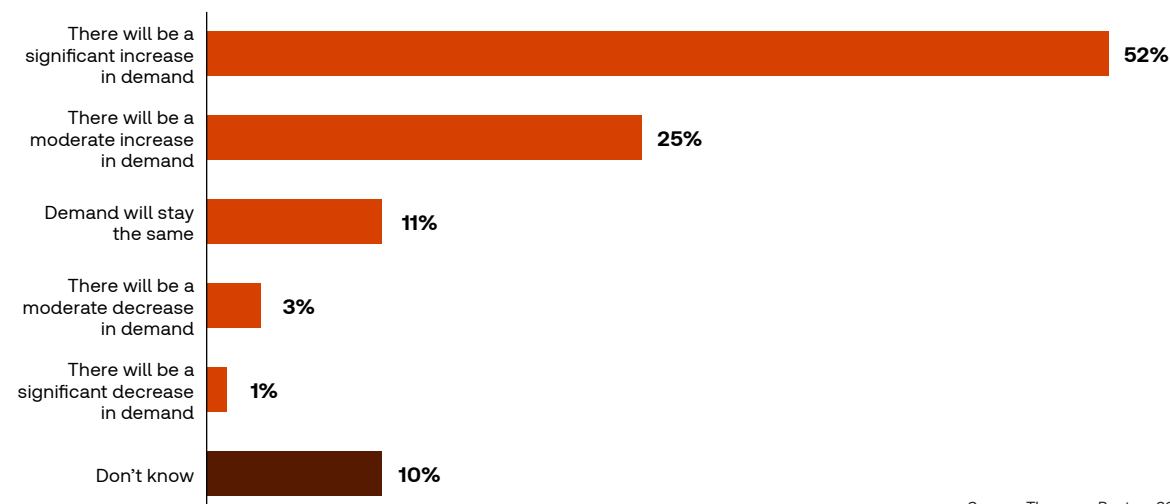


Source: Thomson Reuters 2025

Regarding expectations for demand, most professionals say they anticipate growth in specialized accounting services. About 52% say they believe the increase will be significant, while 25% expect it to be moderate.

FIGURE 6:

Change in demand for specialized accounting services



Source: Thomson Reuters 2025

How are professionals preparing for this demand and all the other changes that come with the reform? Surprisingly, only 27% of respondents say they have already created a working group or committee to assess the impact of the tax reform. This low figure suggests that while awareness of the upcoming challenges is growing, proactive organizational responses are still lagging.

It may be that many tax professionals and firm leaders are underestimating the operational and financial implications of the reform, which could leave them vulnerable as the new regulations take effect.

Indeed, this disconnect between awareness and action persists. Tax & accounting professionals in Brazil acknowledge the reform's impact and expect increased demand, but few have taken concrete steps. Firms limited use of working groups and cost estimation efforts also suggest many are still underestimating the transition's scope. Bridging this gap requires strategic planning and a shift from reactive to proactive behavior. As urgency grows, the question remains: Are firms truly ready?

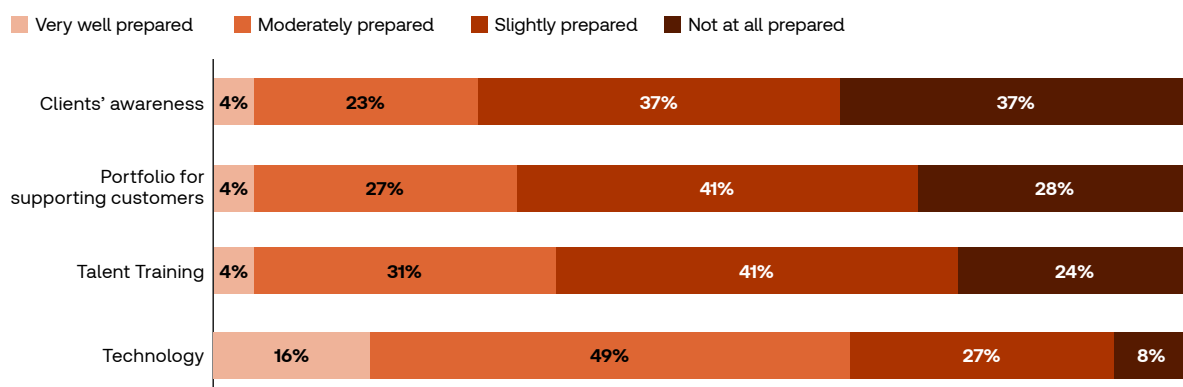
Technology is ready — are we?

Many tax & accounting firms are focusing their preparation efforts primarily on technology. Almost half (49%) of professionals say they consider themselves and their firms *moderately prepared* in this area, and 16% claim to be *very well prepared*. However, when examining other key dimensions, the picture becomes more nuanced and concerning.

In areas such as talent training and portfolio development to support clients, only 31% and 27% of respondents, respectively, report being *moderately prepared*, while 41% in both categories describe themselves as only *slightly prepared*. The most lagging aspect is client awareness — just 23% say they consider themselves *moderately prepared*, and a significant portion remains only *slightly prepared* or *not at all prepared* for the challenges their clients will face.

FIGURE 7:

Level of preparation



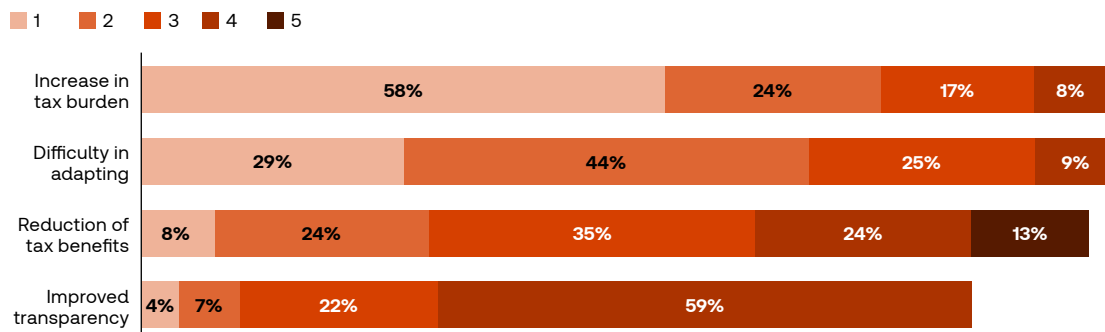
Source: Thomson Reuters 2025

The limited preparation around client support presents a meaningful opportunity for the sector to strengthen its approach to reform readiness. Professionals are well aware of the challenges ahead — with 56% of respondents identifying increased tax burdens as the most significant impact, followed by 45% citing difficulty in adapting to the new system, and 35% pointing to the reduction of tax benefits. These concerns reflect a clear understanding of how the reform may affect clients directly. However, the strategies to guide and support those clients — who will experience the most visible and immediate effects — are still in early stages. As the transition unfolds, proactive communication and tailored guidance will be essential to ensure clients are not only informed but also feel supported throughout the process. By reinforcing the relational side of the transition, firms can help clients navigate uncertainty with greater confidence and clarity, ultimately strengthening trust and long-term engagement.

FIGURE 8:

Expected level of impact for clients

Ranked topics according to expected level of impact (1 - most impactful; 5 - least impactful)

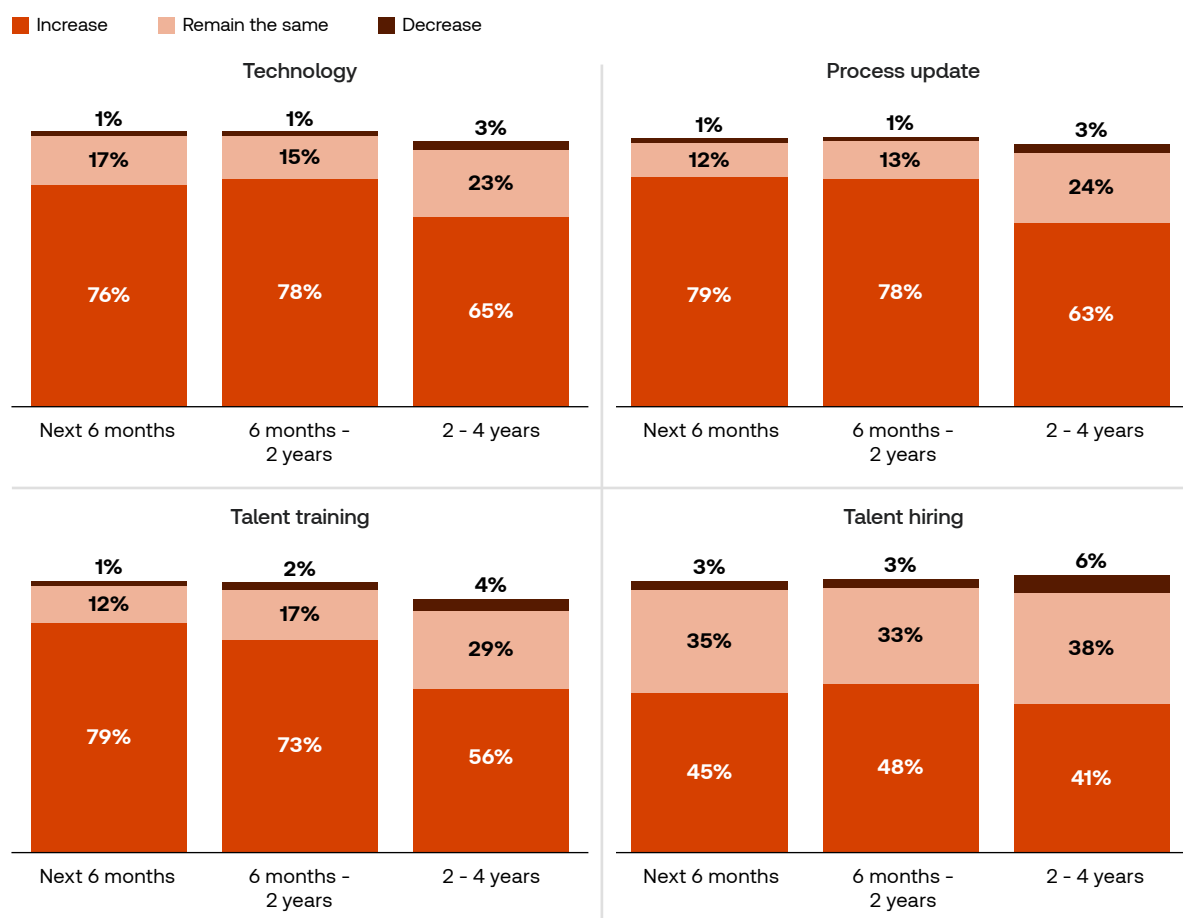


Source: Thomson Reuters 2025

Respondents also say that over the next six months, their firms' investment priorities are centered on process updates and talent training, with 79% of participants indicating they plan to increase investments in these areas, followed closely by technology, which stands out with 76% of professionals indicating their firms will increase investment in this area. In the medium term (6 months to 2 years), technology and processes remain dominant, both with 78% of respondents saying their firms are planning to invest more. However, talent training begins to lose prominence, with 73% still planning to increase investments.

In the longer term (2 to 4 years), technology continues to lead as the top priority, with 65% expecting to increase investment, followed by process updates (63%) and talent training (56%). In contrast, talent recruitment remains a consistently low priority across all timeframes, with only 41% to 48% of professionals saying their firms are considering increases in this area.

FIGURE 9:

Investment expectations

Source: Thomson Reuters 2025

This approach reveals a strategy that, until now, has leaned heavily on infrastructure and digital readiness — but with a noticeable gap in human capabilities and client engagement. Respondents report low preparedness in training and client support, and only moderate investment in talent, underscoring the need to rebalance the strategy.

Many firms are facing this scenario, perhaps even unknowingly. The technology is already in place, and the next six months will be critical for closing the human and relational gaps. Firms are now planning focused efforts to train professionals and engage clients, ensuring the system works as intended and delivers its full value.

Meanwhile, technology remains the top area for long-term investment, with the bulk of funding planned over the next six months to four years. This signals a strategic shift: stabilize the human foundation now, and scale the digital infrastructure over time.

The moment to act is now — while there's still time to prepare, align priorities, and empower the people who will drive the transition forward.

Shaping the pace of transformation

Tax and accounting professionals in Brazil have a clear vision for a successful tax transition. In the next six months, firms are prioritizing what matters most: updating internal processes and investing in talent training. A strong majority (90%) identify staff development as critical, 70% emphasize client education and communication, and 68% stress the importance of staying aligned with government updates. These priorities are no longer just recognized — they're becoming actionable.

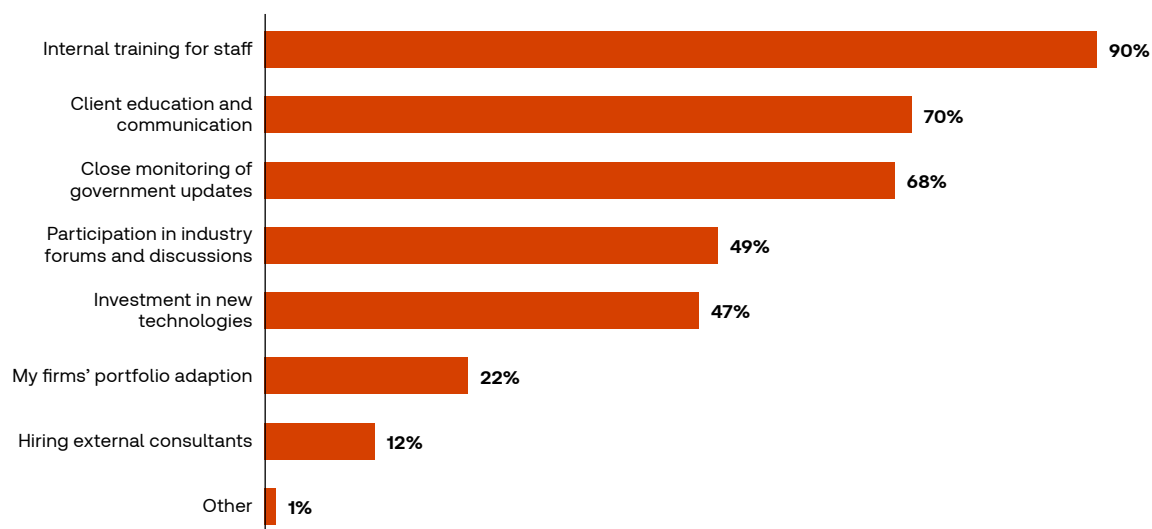
The shift is underway. Firms are moving from awareness to execution, focusing first on empowering their people and refining their processes to build a resilient foundation for change.

At the same time, technology investment is gaining momentum, but on a longer horizon. While only 47% currently view it as essential for the transition, it is the area receiving the most attention in terms of planned investments over the next six months to four years. This signals a strategic approach: build the human and procedural pillars now, and scale infrastructure over time.

The sector is beginning to align its efforts — reinforcing not just the structure, but the people and processes that will sustain it. The transition is no longer about identifying what needs to be done, but about executing with speed and purpose.

FIGURE 10:

Essential components of a successful transition



Source: Thomson Reuters 2025

The final forecast calls for action

Clearly, the tax reform in Brazil is shaping up to be a profound transformation for the sector and for the country as a whole. And while awareness of its impact has grown, preparation remains insufficient and uneven. Research shows progress in structuring internal plans and using analytical tools but also reveals that a majority of professionals are still in a passive phase, without concrete actions or strategic alignment.

Tax calculation, pricing strategies, and tax advisory services remain the most vulnerable areas. Although their importance is widely recognized, many professionals and firms have yet to take proactive steps to anticipate their impact. Until now, investment has focused heavily on technology, while human development — especially in talent training and client support — has not been a priority. This has created a critical gap in the sector's ability to respond effectively and adapt with agility.

The goal is to ensure that teams are equipped and clients are supported throughout the transition.

Firms are now acknowledging this imbalance and planning targeted investments to build readiness. The goal is to ensure that teams are equipped and clients are supported throughout the transition. While the tools may be in place, true operational resilience depends on people being prepared to act under pressure.

To move forward, the sector must shift from passive observation to active preparation. Tax reform is no longer a distant forecast — it is a system-wide transformation taking shape. Aligning priorities with execution through internal capacity building, client guidance, and strategic foresight is essential. Organizations must not only strengthen their own capabilities but also ensure that their clients are informed and supported in every step of the way.

Ultimately, readiness for the Brazilian tax reform is not just about systems and tools; it's about people, timing, and leadership. A successful transition will depend on the sector's ability to anticipate, adapt, and act with clarity and coordination. Without this, even the most advanced systems may fall short, and those depending on professional guidance may find themselves navigating the change alone.

Strategic recommendations to keep in mind

- **Stay informed and proactive** — Regularly track updates related to the tax reform, including official publications, industry analyses, and legislative developments in the Brazilian National Congress. Staying ahead of regulatory changes will enable organizations to anticipate impacts, adjust strategies in time, and ensure full compliance with evolving requirements.
- **Form cross-functional task forces** — Establish internal committees or working groups that bring together tax, finance, operations, and client-facing teams. These groups should lead the planning, execution, and monitoring of reform-related initiatives.
- **Prioritize internal training** — Ensure that staff across departments understand the implications of the reform and are equipped to adapt. Training should go beyond technical updates and include scenario modeling, operational adjustments, and cross-functional coordination. Teams should also be prepared for client-facing interactions, with a strong focus on raising client awareness and guiding them through the transition effectively.
- **Strengthen client communication** — Clients will be directly impacted by changes in tax burden, pricing structures, and compliance requirements. Develop clear communication strategies and educational materials to guide them through the transition and build trust.
- **Align technology with talent** — Investing in technology is essential, but it should be matched with talent development. Ensure that teams are trained to use new tools effectively and that digital solutions are integrated into workflows with clear ownership.
- **Quantify the financial impact** — It is critical to estimate the cost of adaptation early. This includes technological upgrades, process redesign, training programs, and potential revenue shifts. A clear financial roadmap will support better decision-making and resource allocation.

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