

Mining & Metals Considerations and potential impacts of EC 132/23



Overview of current taxation:

MINING

- operations. Exports are taxexempt;
- IPI Not taxed for "in natura" products:
- PIS and COFINS Exports are tax PIS and COFINS Exports are taxexempt.

METALS

- ICMS Normal taxation on internal
 ICMS Normal taxation on internal operations. Exports are taxexempt:
 - IPI Normal taxation. Not taxed on the sale of scrap:
 - exempt. Sale of scrap supported by suspension.

Particularities among taxpayers in this segment:

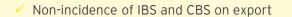
- Accumulation of ICMS, PIS and Cofins credit balances due to substantial export operations;
- Possibility of reimbursement of PIS and Cofins credit balances:
- Use of special regimes as an incentive for infrastructure development;
- There are discussions regarding the crediting of ICMS on intermediate products;

- Benefits that grant suspension of PIS and Cofins charges on the sale or importation of new machinery and equipment;
- PIS and Cofins credits guestioned as to their direct application in the production process;
- State programs that encourage the installation and expansion of new industries:
- Benefit to predominantly exporting companies that guarantees the suspension of PIS and Cofins on internal acquisitions.



Points of Attention: New Taxation Model

Incident taxes: ✓ IBS ✓ CBS ✓ IS (Extraction) Taxes whose incidence is still not clear: State Contribution





- Complementary Law may set the incidence of a fixed one percent Selective **Tax** on the extraction of non-renewable resources:
- Uncertainty about the scope of the Selective Tax for other stages of the chain considering items harmful to health and the environment and about the applicability of the State Contribution on primary and semi-manufactured products, which may represent an increase in the tax burden for some products including in export;
 - ▶ In this sense, there is no consensus on the definition of the concept of primary and semi-manufactured products;
- ▶ An expansion of the credit base with the possibility of reimbursing credit balances in a short term, as indicated by the actions of the Management Committee, could represent significant progress for the sector.

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