Sovos VAT Determination - Brazil

This Data Sheet describes the following cloud and on-premise solutions and services (the "Software") to be provided by the Sovos entity identified in the Order Form ("Sovos") that includes these products to the customer named on an applicable Order Form (the "Customer") in accordance with this Data Sheet:

- **Sovos VAT Determination - Brazil:** A comprehensive solution for indirect tax determination in Brazil, ensuring automated tax compliance for businesses operating in the country. It provides accurate, real-time calculation of ICMS, IPI, ISS, PIS, and COFINS, optimizing tax management and reducing non-compliance risks.

- **Sovos VAT Determination - Brazil Services Scenarios**: A specialized module for tax determination in service transactions in Brazil. It enables automated calculation of ISS and other applicable taxes, ensuring correct taxation according to municipal and state tax regulations.

- **Sovos VAT Tax Determination – Brazil Sales Scenarios:** A solution focused on tax determination for sales transactions in Brazil, covering taxes such as ICMS, IPI, PIS, COFINS, CBS, IBS and IS when applicable. It ensures the correct application of tax rates and rules for different sales models.

- **Sovos VAT Determination - Brazil Use Scenarios:** Enables precise tax determination for use and consumption transactions in Brazil, ensuring compliance with tax regulations applicable to internal transfers and goods consumption

- **Sovos VAT Determination - Brazil Resell Scenarios:** Specialized in tax determination for resale transactions in Brazil, ensuring accurate calculation of ICMS, IPI, PIS, COFINS, CBS, IBS and IS when applicable, while meeting tax requirements for distributors and retailers.

- **Sovos VAT Determination - Brazil Additional High-Availability Run-Times:** Additional high-availability instances for continuous and uninterrupted processing of the tax determination solution, ensuring optimized performance in critical environments.

- **Sovos VAT Determination - Brazil Additional Standard Run-Times:** Additional instances to expand the processing capacity of the tax determination solution, ensuring scalability to meet growing demands.

- **Sovos VAT Tax Determination SAP Connector – Brazil:** SAP addon for ECC and S4 environments specifically to make determination API calls from within SAP, allowing companies to implement the call to the external calculation engine, receiving the results and internalizing them as they need.

- **Sovos VAT Simulator Determination - Brazil Simulator Audit:** Allows companies to understand tax reform impact in Brazil by calculating ICMS, PIS, COFINS, ISS taxes. The product also simulates CBS, IBS, and IS via manual upload.

- **Sovos VAT Simulator Determination - Brazil Simulator Audit Plus:** Allows companies to understand tax reform impact in Brazil by calculating ICMS, PIS, COFINS, ISS taxes. The product also simulates CBS, IBS, and IS via manual upload.

1   DEFINITIONS.

1.1   ICMS (Tax on the Circulation of Goods and Services): A state-level tax in Brazil applied to the movement of goods, transportation, and communication services.

1.2   IPI (Tax on Industrialized Products): A federal tax imposed on manufactured goods, both domestic and imported, based on the product type and its industrialization stage.

1.3   ISS (Service Tax): A municipal tax applied to the provision of services, with rates varying by city and type of service.

1.4   PIS (Social Integration Program Tax): A federal tax aimed at funding social security and employee benefits, calculated on gross revenue.

1.5   COFINS (Contribution for Social Security Financing): A federal tax used to fund social security programs, calculated similarly to PIS on gross revenue.

1.6   CBS (Goods and Services Contribution): A proposed tax under Brazil's tax reform, replacing PIS and COFINS, intended to simplify taxation on goods and services.

1.7   IBS (Goods and Services Tax): A new tax structure under Brazil's tax reform, designed to unify various state and municipal taxes into a single system.

1.8   IS (Selective Tax): A tax aimed at regulating the consumption of specific goods and services, typically applied to products like alcohol, tobacco, and fuel.

1.9   Tax Determination: The process of calculating applicable taxes based on a transaction's characteristics, ensuring accurate tax compliance.

1.10 Tax Compliance: Adhering to tax laws and regulations by accurately reporting and paying required taxes.

1.11 Tax Reform: Changes in tax laws aimed at simplifying and modernizing Brazil's tax system, including new tax structures like CBS and IBS.

1.12 Indirect Taxes: Taxes imposed on goods and services rather than directly on income, such as ICMS, IPI, PIS, and COFINS.

1.13 Real-Time Calculation: The ability to determine and apply taxes instantly during a transaction, ensuring accuracy and compliance.

1.14 Outbound Sales: Sales where goods are shipped to customers, requiring accurate tax determination based on destination and transaction type.

1.15 Run-Times: Processing instances that execute tax determination operations, ensuring system performance and efficiency.

1.16 High-Availability: A system design that ensures continuous operation with minimal downtime, essential for critical tax processes.

1.17 Processing Capacity: The ability of the tax determination system to handle large volumes of transactions efficiently.

1.18 SAP Connector: SAP addon for ECC and S4 environments specifically to make determination API calls from within SAP.

2   SOFTWARE

2.1   Base Access – Required for core tax determination in Brazil, covering ICMS, IPI, ISS, PIS, COFINS, CBS, IBS and IS.

2.2   Scenario Accesses – Add-ons for specific transaction types:

  2.2.1 Services, Sales, Use, and Resell Scenarios (licensed separately).

2.3   Run-Time Accesses – Additional processing capacity:

  2.3.1 Standard Run-Times (for scalability).

  2.3.2 High-Availability Run-Times (for continuous uptime).

2.4 SAP Connector – Separate Access for integrating with SAP ERP systems.

2.5 Pricing Model – Subscription-based (SaaS), with costs depending on accessed modules, Transaction volume and run-time instances.

3 DATA RETENTION POLICY AND OFFBOARDING:

3.1 Sovos will retain customer data within the system for a maximum period of five (5) years, regardless of the duration of the customer's agreement. After this period, data will be subject to a rolling deletion process, where each additional year of retention will authorize the deletion of the oldest year's data. This ensures compliance with our data management policies while maintaining operational efficiency.

3.2 Upon termination of the Agreement or the applicable Order Form, or the subscription for 'Sovos Compliance Network - Long Term Archiving', Sovos will maintain all data pertaining to User Organizations in the Cloud Solution for a maximum period of thirty (30) calendar days, to allow the User Organization to carry out the data off-boarding. Unless otherwise agreed in writing with the User Organization, one month after the termination of the Agreement or the Order Form, Sovos will permanently delete the data. Customer acknowledges that, upon expiration of the applicable storage period, or upon termination of the Agreement or the applicable Order Form, stored e-invoices, attachments, meta-data and preservation sets, when applicable, are permanently deleted by Sovos and rendered logically inaccessible.

4 CUSTOMER RESPONSIBILITIES.

4.1 Technical and process aspects: (i) Customer shall ensure that data sent to the Software represents only legitimate production business data pertaining to User Organizations; (iii) Customer shall ensure that all data sent to the Software is appropriately formatted and contains the information required for the correct performance of the Software according to Sovos´ Documentation.

5 INTEGRATION AND ADAPTERS. Unless otherwise specified and described in a SOW, the Customer is solely responsible for integration with the Software as described in the Documentation. Customer may purchase the right to use a Standard Adapter (e.g. Sovos SAP Connector), if available from Sovos. Customer's use of such Standard Adapter is subject to all terms and conditions of the Agreement. If no Standard Adapter is available or purchased by Customer,

Customer is responsible for: (i) developing and maintaining the adapter; and (ii) updating the adapter to be compatible with new releases of the System and Customer's application. Sovos can provide adapter services on a time and materials basis pursuant to the Services provisions of the Governing Agreement. SOVOS PROVIDES NO WARRANTY, SUPPORT OR MAINTENANCE FOR ANY NON-STANDARD ADAPTER.

6 CHANGES. Sovos may, from time to time and in its sole discretion, make changes to this document or the terms and conditions set forth herein, provided however, in no event shall Sovos make any changes that will degrade the products or services applicable to this Data Sheet without prior written notice to Customer. When Sovos makes changes hereto which do not degrade the products or services applicable to this Data Sheet, Sovos will provide notice as appropriate under the circumstances, e.g., by displaying a notice within the applicable Sovos products or services, by updating this Data Sheet located at https://sovos.com/customer-legal-data-sheets/ or by sending Customer an email.

7 TERMS AND CONDITIONS. Customer's execution of an applicable Order Form for the products applicable to this Data Sheet signifies Customer's agreement to the terms and conditions in this Data Sheet and its acknowledgment that the Products are provided under and is governed by such applicable Order Form and the separate written agreement between the parties that expressly governs Sovos' delivery of products and services (the "Governing Agreement").

8 DEFINED TERMS. Except as defined herein or otherwise required by the context herein, all defined terms used in this Data Sheet have the meaning set forth in the Governing Agreement. This document constitutes a Data Sheet as defined in the Governing Agreement.

9 AVAILABILITY. Sovos solution is currently available for deployment, subject to client requirements and configuration scope. Implementation timelines may vary based on system integration needs and jurisdiction-specific tax rules. For tailored solutions, including region-specific tax engines or custom rule sets, availability is based on a made-to-order model.

SOVOS MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS DOCUMENT.