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AUDITING AND FORENSIC ACCOUNTING IN IBS/CBS: A CONCEPTUAL ESSAY ON INFORMATIONAL NEUTRALITY AND ACCOUNTABILITY

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ABSTRACT

This theoretical-conceptual essay aims to propose a conceptual framework to examine how the "outside-the-base" design of IBS/CBS, combined with the digitalization of tax controls and the professional functions of assurance and forensic accounting, can produce informational neutrality, transparency, and accountability in the context of Brazil's consumption tax reform. The theoretical relevance lies in the novel articulation between tax neutrality and informational neutrality, addressing a gap in the literature by connecting tax design, organizational governance, and the professional roles of auditing and forensic accounting. Based on documentary and normative analysis, articulated with the literature on value-added tax, net revenue presentation, and credit governance, the text integrates three blocks: tax design and digital mechanisms, organizational governance and controls, and the role of auditors and forensic experts. From this articulation, it formulates propositions regarding the informational effects of net presentation and disclosure, the role of credit blocking, refunds, and reconciliations in the usefulness of audit reports, the contribution of digital forensic accounting to the reproducibility of evidence and the reduction of litigation, and how clear communication and intergovernmental coordination enhance regulatory predictability. As a theoretical contribution, the essay structures a research agenda on the transition from tax neutrality to informational neutrality. From an applied perspective, it highlights the need for consistent accounting policies, risk-proportionate auditing during the transition, credit control mechanisms, and the use of digital evidence in forensic accounting. It concludes that the technical, ethical, and independent performance of auditors and forensic experts is a necessary condition for the fiscal neutrality proclaimed by the reform to be translated into informational neutrality in financial reporting and into greater public trust.

Palavras-chave: Reforma tributária, IBS, CBS, Auditoria, Perícia contábil.

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1 INTRODUCTION

The Brazilian consumption tax reform introduced the Tax on Goods and Services (IBS) and the Contribution on Goods and Services (CBS) to replace federal, state, and municipal taxes, with the aim of mitigating cascading taxation, the so-called "fiscal war," and the complexity of the previous model (Brazil, 2023). In Brazil, the principle of VAT neutrality is regarded as essential to avoid distorting relative prices and to ensure economic efficiency (Appy, 2023). International evidence indicates that the adoption of digital VAT mechanisms, such as e-invoicing and electronic audit trails, enhances enforcement effectiveness and contributes to tax neutrality and transparency (Kotsogiannis et al., 2025).

In the VAT context, neutrality means that the tax should not influence allocative decisions regarding production and consumption, thereby avoiding distortions in relative prices and preserving economic efficiency. Operationally, this involves an "outside-the-base" incidence, non-cumulativity through broad financial credits, and an effective right to refunds, ensuring that the tax burden falls on final consumption rather than accumulating along the supply chain (Ebrill et al., 2001; Keen, 2013; de la Feria, 2009). In this essay, the term is used at two complementary levels: tax neutrality, the macro-level objective of the IBS/CBS design, and informational neutrality, a micro-level condition whereby financial statements faithfully represent the effects of taxation, through net revenue presentation, adequate disclosure, and credit governance capable of reducing informational asymmetries.

Transparency is equally decisive for the legitimacy of tax reforms and for strengthening the accountability of public and private agents (Gribnau, 2018; Global Initiative for Fiscal Transparency, 2020). In this context, independent auditors and forensic accountants assume a central role in ensuring the integrity of information and the credibility of the implementation process. Recent trends underscore the growing importance of forensic accounting and auditor scrutiny in fraud prevention and in the enhancement of fiscal governance (Ellili, 2024).

Although Constitutional Amendment 132/2023 and Complementary Law 214/2025 have adopted neutrality as a guiding principle of the new model, their accounting effects depend on financial statements that adequately reflect the nature of taxes collected on behalf of third parties, in accordance with CPC 47, and on explanatory notes capable of clarifying accounting policies, judgments, and transition risks, as required by CPC 26. However, there remains a conceptual gap in connecting, in the Brazilian case, the "outside-the-base" design of IBS/CBS and the digitalization of controls with auditing and forensic accounting functions and with informational outcomes such as neutrality, transparency, and the reduction of asymmetries. Despite the centrality of this topic, the specialized literature is still incipient in articulating the Brazilian dual VAT design, digital control mechanisms, and the professional roles of auditing and forensic accounting, especially in the post–Constitutional Amendment 132/2023 context. Recent studies have advanced isolated aspects, including tax digitalization (Kotsogiannis et al., 2025; Wu et al., 2025), VAT compliance (Siglé et al., 2024), and forensic accounting (Ellili, 2024; Adamu & Uyagu, 2025), but lack an integrated conceptual synthesis applied to the Brazilian transition. This is the research problem addressed by this essay.

This essay proposes such a connection by examining opportunities and risks in the roles of auditors, forensic experts, and accountants during the transition to IBS/CBS, with emphasis on professional judgment, governance, controls, dispute resolution, and professional ethics. Its theoretical relevance is twofold: it contributes to the VAT and accountability literature by

operationalizing the link between tax neutrality and informational neutrality, and it offers a testable framework for future empirical research on the implementation of the reform.

Finally, the essay presents the legal, normative, and technical references that guide professional practice, including Constitutional Amendment 132/2023, Complementary Law 214/2025, Brazilian Accounting Standards (NBCs), CPC pronouncements, and ethical guidelines. Structure of the essay: the next section deepens the theoretical foundation, defines the conceptual framework, and formulates theoretical propositions P1 to P4; the subsequent section develops these propositions supported by operational tables; the conclusion synthesizes theoretical contributions, practical implications, model limitations, and a research agenda.

2 THEORETICAL FRAMEWORK

2.1 Consumption Tax Reform and Its Effects on Accounting

The ongoing consumption tax reform in Brazil promotes a structural reconfiguration of taxation on goods and services, with the extinction of PIS, Cofins, ICMS, and ISS and their replacement by CBS (federal) and IBS (state and municipal), in addition to the Selective Tax (IS), pursuant to Complementary Law 214/2025 (Brazil, 2025). This dual VAT arrangement aligns with an international trajectory oriented toward neutrality, simplification, and transparency, as reflected in both recent experiences and the classical VAT literature (Kotsogiannis et al., 2025; Appy, 2023; Ebrill et al., 2001; Keen, 2013; de la Feria, 2009).

From an accounting perspective, the "outside-the-base" incidence of IBS and CBS and the segregated disclosure of credits and debits are consistent with practices that enhance the quality of financial information. Empirical evidence suggests that digitalization, e-invoicing, and tax control frameworks reduce errors and evasion, strengthening governance and traceability (Siglé et al., 2024; Wu et al., 2025). In terms of presentation, compliance with CPC 47/IFRS 15 and CPC 26 requires that such taxes be excluded from the income statement as amounts collected on behalf of third parties, with implications for comparability and the robustness of internal controls (CPC, 2021; Costa & Fumaux, 2023; KPMG Brazil, 2025; Gribnau, 2018; Ciesielski & Weiss, 2007).

The transition period (2026–2032) requires dual system parametrization, careful inventory management at the cut-off date, and the reclassification of accumulated credits, thereby reinforcing the role of accounting professionals in mitigating agency conflicts and providing disclosures that support informed decision-making (KPMG Brazil, 2025; Machado et al., 2016). In summary, consistent accounting policies, effective controls, and robust information constitute the operational foundation for ensuring that the new tax design preserves informational neutrality, a necessary condition for the realization of tax neutrality at the economic level.

2.2 Accountability, Transparency, and Professional Ethics in the New Model

The implementation of IBS/CBS raises expectations regarding transparency and accountability in tax management. In the context of a dual VAT, transparency encompasses the intelligibility of the tax burden throughout supply chains, including tax documentation, assessment processes, and financial reporting, while accountability involves the taxpayer's responsibility for accurate tax determination and the governance of managing bodies with respect to collection, allocation, and compliance rules (Gribnau, 2018; Brazil, 2023; Tax Justice Network, 2023). In this setting, professional practice operates as an institutional guarantee of informational reliability, grounded in ethical and technical principles (IFAC, 2020; Machado et al., 2016).

The Code of Ethics (NBC PG 01) reaffirms action in the public interest, guided by integrity, objectivity, competence, due care, and confidentiality (CFC, 2021). For auditors, this translates into considering laws and regulations (NBC TA 250) and planning and responding to risks of material misstatement in a dynamic regulatory environment (NBC TA 315; NBC TA 540), including accounting estimates, the design and effectiveness of controls, and disclosure (Wu et al., 2025; IFAC, 2020). In the presence of indications of violations of neutrality or transparency, such as improper use of credits, omissions, or artificial classifications, due professional conduct includes recommendations to governance bodies and, where applicable, communication to competent authorities (CFC, 2021).

In forensic accounting, independence, impartiality, and the duty to provide information, expressed through the clear presentation of criteria, applicable legislation, and calculations in a reproducible manner, are conditions for the legitimacy of expert reports (CFC, 2025a; CFC, 2025b). Disputes involving credits from the previous regime, sectoral neutrality, and tax jurisdiction require normative expertise, methodological rigor, and clear communication; in the Brazilian context, these dimensions have been discussed as mechanisms to mitigate agency conflicts (Machado et al., 2016). In this scenario, the central role of the operational accountant cannot be overlooked. This professional is responsible for system parametrization, transaction classification, the recording of credits and debits, and the production of primary information upon which auditors and forensic experts perform their functions. The quality of evidence for assurance and litigation depends to a large extent on the technical and ethical competence of the accountant in routine tax compliance activities (Machado et al., 2016; IFAC, 2020). Large-scale tax reforms tend to amplify operational risks when the training of operational accounting professionals does not keep pace with the complexity of new rules (Wu et al., 2025; Siglé et al., 2024).

The converging literature indicates that trust, transparency, and accountability are interdependent and rely on effective professional and institutional systems (Global Initiative for Fiscal Transparency, 2020; Tax Justice Network, 2023; Gribnau, 2018). From an agency theory perspective, the role of the accountant as a governance mechanism is supported by empirical evidence linking information quality to improved performance and reduced asymmetry (Alsmady, 2023), which becomes particularly critical in light of the new compliance and governance requirements introduced by the reform (Wu et al., 2025; IFAC, 2020).

3 CONCEPTUAL FRAMEWORK AND PROPOSITIONS OF THE ESSAY

This essay articulates three conceptual blocks: (i) the "outside-the-base" VAT design of IBS/CBS (Constitutional Amendment 132/2023; Complementary Law 214/2025) combined with the digitalization of controls, including e-invoicing and electronic audit trails; (ii) governance and control mechanisms within organizations, such as ERP parametrization, credit blocking until payment, system integrations and reconciliations, and disclosure management; and (iii) assurance and forensic functions as drivers of informational neutrality, accountability, and the reduction of asymmetry. The theoretical foundation rests on the literature on VAT and neutrality (Ebrill et al., 2001; Keen, 2013; de la Feria, 2009), net presentation and the principle of substance over form (CPC 47; CPC 26; Ciesielski & Weiss, 2007), credit governance and refunds (Harrison & Krelove, 2005; OECD, 2017), and the effects of digitalization and split payment mechanisms (Kotsogiannis et al., 2025), as well as evidence on the informational usefulness of Key Audit Matters (KAMs (Gutierrez et al., 2018; Reid et al., 2019; Lennox et al., 2022).

P1. Net Presentation and Disclosure. In "outside-the-base" VAT environments, the net presentation of revenue (CPC 47), combined with robust disclosures regarding accounting policies

and professional judgments (CPC 26), enhances informational neutrality and comparability, mitigating risks of distortion in margins and performance indicators (CPC, 2021; CPC, 2019; Costa & Fumaux, 2023).

P2. Credit Controls and User Attention. Credit blocking until payment, refund controls, and periodic reconciliations reduce errors and fraud and increase the usefulness of Key Audit Matters (KAMs), as they focus users' attention on material judgments (Harrison & Krelove, 2005; Siglé et al., 2024; Gutierrez et al., 2018; Reid et al., 2019; Lennox et al., 2022).

P3. Forensic Accounting and Evidence Reproducibility. Electronic audit trails, linkage between payments and invoices, verification of credit circularity, and data integrity testing enhance the reproducibility of forensic evidence and reduce litigation in cases involving credit transfers and jurisdictional disputes (Khersiat, 2018; Taiwo et al., 2020; Adamu & Uyagu, 2025).

P4. Communication and Coordination. Clear audit reports, including KAMs, transparent forensic reports, and intergovernmental coordination regarding rules and refunds strengthen trust and system predictability, thereby reducing uncertainty-related costs (IFAC, 2020; Gribnau, 2018; Brazil, 2025).

This framework explains why the design choices associated with an "outside-the-base" VAT and the digitalization of controls translate into informational neutrality only when operationalized through auditing and forensic accounting practices grounded in high standards of quality and ethics. It also underpins the subsequent analyses and guides the interpretation of Tables 1–3 as operational artifacts that support propositions P1–P4.

4 METHODOLOGICAL PROCEDURES

This study is characterized as a theoretical-conceptual essay with a qualitative approach, grounded in bibliographic and documentary research, a well-established and legitimate practice in the accounting field. Legal instruments of the consumption tax reform were examined, including constitutional amendments and complementary laws, as well as professional and technical standards, such as NBCs and CPC pronouncements, and specialized national and international literature in financial accounting, auditing, tax governance, and compliance. The review covered indexed databases, including SSRN, Scopus, Spell, SciELO, and Web of Science, in addition to technical reports and seminal essays (Siglé et al., 2024; Wu et al., 2025). No primary data were collected; the discussions and propositions derive from interpretative analysis and conceptual synthesis. The methodological approach consisted of aligning the principles and guidelines of the consumption tax reform with the foundations of recognition, measurement, presentation, and disclosure of accounting information, as well as with the professional duties of auditors and forensic experts. The results constitute a critical examination of the literature and regulatory framework, highlighting areas of risk, opportunities for professional practice, and applied recommendations that guide the transition to IBS/CBS.

5 DEVELOPMENT OF THE THEORETICAL PROPOSITIONS

The transition to IBS/CBS alters the scope, planning, and execution of financial statement audits, requiring risk reassessment, procedural adjustments, and greater integration with governance and internal controls. In line with CPC 47/IFRS 15, the auditor must ensure the net presentation of revenue, excluding taxes collected on behalf of third parties, as well as the proper segregation and measurement of "taxes recoverable" and "taxes payable," accompanied by disclosures that preserve

comparability across adoption and transition periods (CPC, 2021; Costa & Fumaux, 2023; CPC, 2009a; CPC, 2019) **(see P1).**

The modernization of tax assessment, crediting, and compliance processes requires specific ERP parametrization, credit blocking until supplier payment, tax system integrations, and robust reconciliations, a combination empirically associated with reduced error and evasion (Siglé et al., 2024; Wu et al., 2025) (see P2). The adoption of split payment and digital audit mechanisms tends to enhance tax collection effectiveness (Kotsogiannis et al., 2025) (see P2; see also Matos & Duão, 2024), but introduces liquidity trade-offs. It becomes essential to assess the realizability of credits, refund timelines, and impacts on working capital (KPMG Brazil, 2025; Costa & Fumaux, 2023) **(see P2).**

The preventive and advisory role of the auditor gains prominence. The timely communication of control deficiencies to governance bodies, the recommendation of remediation measures with the greatest impact on compliance and information quality, and the encouragement of timely disclosure reinforce accountability and regulatory predictability (Alsmady, 2023; Wu et al., 2025) **(see P4).**

5.1 Normative Foundations Supporting the Implementation of IBS/CBS

The reform is anchored in Constitutional Amendment 132/2023, which establishes the dual VAT model and consolidates duality, full non-cumulativity, and uniformity (Brazil, 2023; CFC, 2021). Complementary Law 214/2025 provides detailed regulation of IBS, CBS, and the Selective Tax (IS), creates the IBS Steering Committee, establishes credit offset mechanisms, and introduces innovations such as split payment, thereby reinforcing liquidity, traceability, and compliance (Brazil, 2025; Kotsogiannis et al., 2025; Siglé et al., 2024) **(see P4).**

From an accounting perspective, CPC 47/IFRS 15 and CPC 26 support segregated presentation, with IBS/CBS excluded from the income statement, and require disclosure of accounting policies, judgments, and reclassifications. CPC 32/IAS 12 and CPC 00 (R2) reinforce measurement and presentation based on economic substance (CPC, 2021; CPC, 2014; Wu et al., 2025) (see P1). The assurance pillar is grounded in NBC TA 315, NBC TA 250, NBC TA 540, NBC TA 700, NBC TA 705, NBC TA 706, and NBC TR 2410; forensic accounting is governed by NBC PP 01 (R2) and NBC TP 01 (R2); and ethical conduct is guided by NBC PG 01 and IFAC principles (CFC, 2021; CFC, 2025a; CFC, 2025b; IFAC, 2020; Gribnau, 2018) (see P4). This framework is designed to deliver three key outcomes: informational neutrality and comparability (see P1), mitigation of regulatory and operational risks (see P2), and technically sound, reproducible decisions in auditing and forensic accounting **(see P3–P4).**

The essential normative foundations are consolidated in Table 1.

Table 1
Essential Normative Foundations for the Implementation of IBS/CBS

Axis	Instrument	Key Content	Practical Relevance (Auditing/Forensic Accounting)	Reference
Reform legislation	EC 132/2023	Dual model; non-cumulativity; uniformity	Constitutional framework for controls and policies	(Brazil, 2023)
Reform legislation	LC 214/2025	IBS/CBS/IS; transition; Steering Committee; credits; split payment	Compliance; allocation across regimes; traceability of credits and flows	(Brazil, 2025)
International best practices	OECD VAT/GST Guidelines	Neutrality; VAT design; refunds	Reference for refund policies and neutrality	(OECD, 2017)
Revenue presentation	CPC 47 (IFRS 15)	Revenue net of taxes collected on behalf of third parties	IBS/CBS excluded from the income statement; accounting policies and disclosures	(CPC, 2021)
Presentation and disclosure	CPC 26 (IAS 1)	Accounting policies, judgments, and reclassifications	Notes on adoption and transition; comparability	(CPC, 2019)
Income taxes	CPC 32 (IAS 12)	Tax assets and liabilities; deferred taxes	Recoverability; indirect effects	(CPC, 2009b)
Conceptual framework	CPC 00 (R2)	Substance over form; information quality	Classification of credits and liabilities; faithful representation	(CPC, 2014)
Auditing — risk assessment	NBC TA 315	Risk identification and assessment	Planning under new rules; systems	(CFC, 2021)
Auditing — compliance	NBC TA 250	Laws and regulations	Non-compliance; communication to governance	(CFC, 2021)
Auditing — accounting estimates	NBC TA 540	Accounting estimates and bias	Credit recoverability; assumptions	(CFC, 2021)
Auditing — audit reporting	NBC TA 700/705/706	Audit opinion; modifications; emphasis of matter	Initial adoption; transition; qualifications and emphasis of matter	(CFC, 2021)
Interim review	NBC TR 2410	Quarterly review	Monitoring the effects of IBS/CBS	(CFC, 2021)
Forensic accounting — professional standards	NBC PP 01 (R2)	Duties; independence; conflicts of interest	Exemption and public interest in litigation	(CFC, 2025a)
Forensic accounting — technical standards	NBC TP 01 (R2)	Planning; procedures; expert report	Reproducible methodology; calculation memory	(CFC, 2025b)
Ethics and public interest	NBC PG 01; IFAC	Integrity; objectivity; enforcement	Ethical safeguards; accountability	(CFC, 2021; IFAC, 2020)

5.2 Impacts of the Tax Reform on the Work of the Independent Auditor

The transition reshapes audit assertions across the revenue, procurement, and compliance cycles. In the revenue cycle, net presentation (CPC, 2021; CPC, 2019) requires auditors to examine contracts and accounting records based on objective criteria, mitigating the risk of misclassification and supporting comparability (KPMG Brazil, 2025) (**see P1).**

In the procurement and tax credit cycle, the realization of tax assets requires evidence of financial settlement and proper recognition, with linkage between XML invoices, SPED records, accounts payable, and bank statements, in accordance with CPC 00 (CPC, 2014; Brazil, 2025). The absence of automated controls increases the risk of asset overstatement, fraud, and liquidity pressures, while refund practices based on sound technical design mitigate these risks (Siglé et al., 2024; Harrison & Krelove, 2005) **(see P2).**

The control environment is central. Digital tax control frameworks and real-time auditing enhance compliance effectiveness, particularly in split payment environments and high-volume transaction settings (Siglé et al., 2024; Kotsogiannis et al., 2025; Wu et al., 2025) (see P2). In multi-ERP and multi-gateway environments, recurring reconciliation discrepancies indicate integration weaknesses. The transition period through 2032 introduces risks of cut-off errors and improper allocations between regimes. The literature recommends materiality-based sampling, reperformance procedures for inventories and tax credits, and robust documentation of accounting estimates (NBC TA 540; Wu et al., 2025).

Finally, the use of data analytics accelerates exception scanning and improves early detection (Siglé et al., 2024), while timely communication with governance supports evidence-based decision-making **(see P4).**

For consistent execution and reproducible documentation, it is recommended that audit procedures be anchored in the Evidence and Documentation Map presented in Table 2.

Table 2

Evidence and Documentation Map for Auditing and Forensic Accounting in the Implementation of IBS/CBS

Document / Evidence	Purpose in the IBS/CBS Context	Audit Tests (Examples)	Forensic Procedures (Examples)	Observations and Risks	Normative References (Summary)
NF-e (XML and DANFE)	Substantiation of transactions; "outside-the-base" tax disclosure	Reconciliations; validation of CFOP/NCM/tax rates; materiality-based sampling	Reconstruction of tax bases; segregation of IBS/CBS; detection of unsupported credits	Risk of invalid or unreliable documentation; inadequate system parametrization	LC 214/2025; CPC 47; NBC TA 315/250; NBC TP 01
SPED Fiscal/Contributions	Recording of tax assessment and credits	Walkthrough procedures; integrity across modules; credit traceability	Reconciliation with NF-e; disallowances; time-series analysis	Duplications or omissions; timing of credit recognition	LC 214/2025; CPC 00; NBC TA 315; NBC TP 01
Tax ledgers and general ledger	Entries for "taxes recoverable" and "taxes payable"	Cut-off and classification; reconciliations; unusual balances	Reclassifications; tie-out procedures; quantification	Premature recognition; improper offsets	CPC 26; CPC 23; NBC TA 540; NBC TP 01

ERP parametrizations	Tax rules and split payment	Design and operating effectiveness testing; reperformance	Validation of calculation rules; log analysis	Recurring systemic error	NBC TA 315/330; LC 214/2025
Split payment statements	Automatic tax remittance	Reconciliations between NF-e, liabilities, and reports	Flow tracing; proof of settlement	Remittance discrepancies	LC 214/2025; NBC TA 500/580
Accounting policies and notes	Disclosure of practices and judgments	Adequacy and clarity; interperiod consistency	Method-policy reconciliation; compliance	Disclosure gap; comparability issues	CPC 26; CPC 47; NBC TA 700/706
Long-term contracts	Pass-through and rebalancing clauses	Impact assessment; cut-off testing	Rebalancing calculation; causality	Contractual ambiguity	CPC 47; NBC TP 01
Credit spreadsheets	Calculation worksheets	Reperformance; assumptions (payments and tax bases)	Validation; sensitivity analysis	Credit recognized before payment	LC 214/2025; NBC TA 540
Refund dossiers	Recovery and offsets	Eligibility; balance reconciliations; subsequent events	Quantification; disallowances; deadlines	Delays or disallowances; recoverability concerns	CPC 26; CPC 32; NBC TA 560
Governance reports	Decisions and monitoring	Tone at the top; remediation	Due diligence and controls	Weak control environment	NBC TA 260/265; CFC — Ethics
Inventory schedules	Transition credits	Existence and valuation; cut-off	Cut-off credit calculation	Overstatement; eligibility issues	Transitional rules; CPC 16 (CPC, 2009c)
Tax assessments and audit records	Basis for tax assessments	Contingency risk	Factual reconstruction; counter-calculations	Duplicate tax assessments	NBC TA 250; NBC TP 01
Training evidence	Training and change management	Scope and effectiveness	Correlation with errors	Lack of training	NBC TA 315/330; CFC — PG 01

5.3 Impacts of the Tax Reform on Forensic Accounting

The implementation of IBS/CBS increases the demand for forensic accounting during the period of interpretative stabilization. There is a noticeable rise in disputes involving the timing and utilization of tax credits, sector-specific tax rates, and responsibilities in complex transactions. These cases require factual reconstruction, quantification of differences, and reconciliation of NF-e, SPED, and general ledger records with auditable calculation worksheets (Khersiat, 2018; Matar, 2023; Adamu & Uyagu, 2025; Siglé et al., 2024; Wu et al., 2025) **(see P3).**

i) Credit Disputes and Sectoral Neutrality. Complementary Law 214/2025 conditions the recognition of tax credits on payment to the supplier, which requires tracing the entitlement from the XML invoice to accounts payable and bank statements (Brazil, 2025) (see P3). In claims of sectoral neutrality, the expert develops counterfactual analyses for the pre- and post-reform scenarios, decomposes the effective tax rate, input structure, and credit utilization capacity, and applies transparent assumptions supported by sensitivity analysis (Matar, 2023; Alsmady, 2023) **(see P1).**

(ii) Tax Forensic Accounting. Electronic audit trails, payment linkages, verification of credit circularity, and data integrity testing are aligned with forensic accounting standards and are associated with greater effectiveness in detecting and mitigating fraud, including in credit assignments and

environments with split payment mechanisms (Khersiat, 2018; Taiwo et al., 2020; Siglé et al., 2024; Adamu & Uyagu, 2025; Paramole, Adeyemi, and Olowookere, 2025) **(see P3).**

(iii) Reorganizations and Long-Term Contracts**.** Forensic accounting quantifies rebalancing effects and establishes causal links between the reform, working capital, pricing, and fair value, particularly when pass-through clauses are present (CPC 47; KPMG Brazil, 2025) **(see P4).**

For planning and execution, use the Test and Inquiry Framework presented in Table 3.

Table 3

Test Plan and Inquiry Framework by Risk Axis in the Implementation of IBS/CBS

Risk Axis	Objective of the Test/Inquiry	Suggested Procedure	Materiality and Sampling	Required Evidence	Normative Reference (Summary)
Revenue presentation (IBS/CBS "outside the base")	Verify revenue net of taxes collected on behalf of third parties	Reperformance procedures; reconciliations; review of notes	Threshold based on percentage of revenue or risk; stratification	NF-e; general ledger; income statement; accounting policies; notes	CPC 47 (CPC, 2021); CPC 26 (CPC, 2019)
Credit recognition and timing	Confirm recognition of credits only after payment	Trace credit flows; reconcile with payments; test "credits pending recognition"	Samples based on value and lead time	XML; SPED; accounts payable; bank statements; general ledger	LC 214/2025 (Brasil, 2025); CPC 00 (CPC, 2014); NBC TA 540 (CFC, 2021)
Legal compliance	Identify material non-compliance	Walkthrough of tax assessment; verification of tax rates; contingencies	Scoping by jurisdiction (state) and activity	SPED; tax forms; tax matrix	NBC TA 250/315 (CFC, 2021); LC 214/2025
Transition 2026–2032	Assess allocations, inventories, and reclassifications	Calculation of cut-off credits; reconciliations; notes	Cut-off periods; borderline transactions	Schedules; spreadsheets; general ledger; notes	Transitional rules; CPC 23 (CPC, 2009a); CPC 26 (CPC, 2019)
Split payment	Substantiate remittance and proper settlement	Reconciliations with the collecting agent	Samples based on value and discrepancies	Split payment reports; statements; liabilities	LC 214/2025; NBC TA 500/580
Systems and controls	Test design and operating effectiveness	Review of tables; change management; reperformance	Design testing (100% of key controls) and operating effectiveness testing (risk-based)	ERP tables; logs; evidence	NBC TA 315/330
Liquidity and going concern	Assess recoverability and cash flow impacts	Aging; look-back; stress tests	Percentage of current assets; cash conversion cycles	Aging schedules; refund dossiers; projected cash flow statement	CPC 26; CPC 32; Appy (2024)

Disclosure and governance	Verify sufficiency and emphasis of matter	Read-through procedures; consistency checks; audit opinion	Total number of relevant disclosures	Accounting policies; notes; reports; minutes	CPC 26; NBC TA 700/706/260
Credit and tax rate disputes	Define expert inquiries and quantify differences	Reconstruction; counter-calculations; neutrality assessment	Samples from the disputed period	NF-e; SPED; tax assessments; calculation worksheets	CFC — PP 01/TP 01 (CFC, 2025a; 2025b); Chamber of Deputies Portal, 2024
Reorganizations and contracts	Assess rebalancing effects and valuation	Pre- and post-reform modeling; sensitivity analysis	Scenarios by tax rate and credit utilization	Contracts; financial statements; expert report	CPC 47; principles of neutrality

5.4 Auditors and Forensic Experts as Agents of Trust in the Tax Reform

The effectiveness of the reform depends on social trust in the neutral, transparent, and predictable application of its rules (Gribnau, 2018; IFAC, 2020; Wu et al., 2025). Auditors and forensic experts function as institutional safeguards. They translate legal and technical requirements into verifiable evidence, reduce informational asymmetries, and support the legitimacy of the system (Siglé et al., 2024; KPMG Brazil, 2025). The auditor ensures net presentation and adequate disclosures (CPC 47; CPC 26) (see P1), while well-founded Key Audit Matters (KAMs) enhance the informational usefulness of the audit report (Gutierrez et al., 2018; Reid et al., 2019; Lennox et al., 2022) **(see P2).**

Within governance structures, the timely communication of deficiencies and risks, in accordance with NBC TA 260 and NBC TA 265, guides remediation actions. Tax control frameworks and data analytics enable exception-based scanning, identifying issues such as premature credit recognition, anomalies in CFOP and NCM classifications, and tax rate outliers **(see P2).** Forensic accounting contributes reproducible expert reports on credits, tax bases, allocations, and rebalancing effects, supported by transparent criteria and calculation records **(see P3).** When legal norms, professional standards, and organizational practices converge in routine operations, the objectives of simplification, neutrality, and transparency become observable in financial reporting, decision-making, and technical judgments **(see P4).**

6 CONCLUSION

This conceptual essay argued that the practical realization of tax neutrality, as established by Constitutional Amendment 132/2023 and Complementary Law 214/2025, depends on its informational counterpart: net revenue presentation in accordance with CPC 47, consistent disclosure of accounting policies and judgments in line with CPC 26, and robust credit governance and control mechanisms capable of reducing informational asymmetries (CPC, 2021; Brazil, 2023; Brazil, 2025). To structure this agenda, a framework was proposed connecting the "outside-the-base" design of IBS/CBS and the digitalization of controls, including e-invoicing, electronic audit trails, and split payment, to organizational mechanisms such as ERP parametrization, credit blocking until payment, system integrations and reconciliations, and to the professional functions of assurance and forensic accounting. The expected outcome is enhanced informational neutrality, accountability, and reduced

asymmetry. Propositions P1 to P4 synthesize the main linkages: the informational effects of net presentation combined with disclosure (P1), the role of credit controls and refunds in user attention and the usefulness of KAMs (P2), the gains in evidence reproducibility through digital forensic accounting (P3), and the importance of clear communication and intergovernmental coordination (P4) (CPC, 2021; Gutierrez et al., 2018; Reid et al., 2019; Lennox et al., 2022; IFAC, 2020).

From a theoretical standpoint, the contribution lies in making explicit the link between tax neutrality and informational neutrality and in offering a testable framework for future research. This agenda includes assessing how net presentation and disclosure, as stated in P1, affect comparability and cost of capital; examining whether credit controls and refund governance, as proposed in P2, influence reporting quality and the usefulness of KAMs; analyzing whether digital forensic accounting, as outlined in P3, reduces litigation in credit transfers and jurisdictional disputes; and measuring whether communication and coordination, as described in P4, enhance regulatory predictability and user trust (Gutierrez et al., 2018; Lennox et al., 2022; IFAC, 2020).

From an applied perspective, the "outside-the-base" incidence and new compliance models require consistent accounting policies, well-documented judgments, and robust disclosure. The coexistence of regimes and the adoption of split payment demand risk-proportionate audit responses and strengthened controls, particularly regarding credit recoverability and liquidity impacts (CPC, 2021; KPMG Brazil, 2025; Kotsogiannis et al., 2025). International evidence suggests a higher likelihood of success when auditing and forensic accounting operate with transparent methods, comprehensive documentation, and a commitment to the public interest (Siglé et al., 2024; Wu et al., 2025; IFAC, 2020).

Recognizing transition risks, such as sectoral volatility, pressures on control environments, and intergovernmental divergences, the proposed framework also highlights opportunities for the profession, including preventive advisory services, system reviews, professional training, and digital forensic accounting. When internalized, these practices increase business environment predictability, strengthen accountability, and support tax fairness (Costa & Fumaux, 2023; Wu et al., 2025; Gribnau, 2018). In summary, auditors and forensic accountants act as institutional safeguards of the new dual VAT system, and their performance in ensuring neutrality, transparency, and comparability translates the objectives of the reform into observable outcomes in financial reporting and the decisions derived from it (Brazil, 2023; Brazil, 2025).

Based on propositions P1 to P4 and the evidence drawn from the literature, the following conclusions are established: (i) the "outside-the-base" incidence of IBS/CBS translates into informational neutrality only when accompanied by robust accounting policies, sufficient disclosure, and effective controls; (ii) credit blocking mechanisms and digital tools reduce asymmetries and enhance the usefulness of audit reports; (iii) digital forensic accounting increases the reproducibility of evidence and contributes to reducing litigation; and (iv) intergovernmental coordination and clear communication are necessary conditions for systemic trust in the reform.

The essay presents limitations inherent to its theoretical-conceptual nature. The propositions have not been empirically tested, and the model was developed based on VAT literature from developed countries, whose applicability to the Brazilian context requires caution. Furthermore, the rapidly evolving regulatory framework surrounding Complementary Law 214/2025 may alter analytical assumptions as additional regulations are enacted.

As a research agenda, the following directions are suggested: (a) empirical studies on the effect of net presentation of IBS/CBS on the comparability of indicators and cost of capital (P1); (b) analyses of reporting quality and the usefulness of KAMs in companies subject to split payment (P2); (c)

evaluation of post-reform litigation and the use of digital forensic accounting in credit disputes (P3); and (d) investigation of intergovernmental coordination and regulatory predictability from the perspective of auditors and users (P4).

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GLOSSARY OF TECHNICAL TERMS

Accountability: responsibility borne by public or private agents for the use of resources and the fulfillment of obligations, with transparency and the possibility of external verification.

CBS (Contribution on Goods and Services): federal contribution created by Complementary Law 214/2025, levied on transactions involving goods and services, replacing PIS and Cofins.

CFOP (Fiscal Code of Operations and Services): numerical code that classifies the nature of transactions for tax purposes in Brazil.

IBS Steering Committee: collegiate body established by Complementary Law 214/2025, responsible for the management, regulation, and collection of IBS at the national level.

CPC (Accounting Pronouncements Committee): Brazilian body responsible for issuing technical accounting standards, aligned with IFRS.

Data analytics: a set of computational techniques used to analyze large volumes of data, identify patterns and anomalies, and support auditing and forensic procedures.

Disclosure: the presentation of relevant information in financial statements and explanatory notes, aimed at transparency and comparability.

E-invoicing: electronic invoicing system that integrates tax data in real time with tax authority databases, such as NF-e in Brazil.

ERP (Enterprise Resource Planning): integrated business management system that centralizes processes related to finance, accounting, taxation, and operations.

Forensic accounting: specialized branch of accounting that applies investigative techniques to collect, analyze, and present evidence in judicial or administrative proceedings.

IBS (Tax on Goods and Services): subnational tax at the state and municipal levels, created by Constitutional Amendment 132/2023 and regulated by Complementary Law 214/2025, replacing ICMS and ISS.

IFRS (International Financial Reporting Standards): international financial reporting standards issued by the IASB and adopted in Brazil through CPC pronouncements.

VAT (Value-Added Tax): tax model levied on the value added at each stage of the production chain, with credit for tax paid in previous stages.

KAM (Key Audit Matter): matter of most significance in the audit of the period, communicated in the independent auditor's report in accordance with NBC TA 701.

Linkage: tracing of the connection between electronic tax documents, accounting records, payments, and bank statements for auditing or forensic purposes.

NBC (Brazilian Accounting Standards): technical standards issued by the Federal Accounting Council (CFC) that govern the accounting profession in Brazil.

NCM (Mercosur Common Nomenclature): numerical classification code for goods, used to determine tax rates and fiscal regimes.

Informational neutrality: condition in which financial statements faithfully represent tax effects, without distortions in classification, measurement, or disclosure.

NF-e (Electronic Invoice): digital tax document issued and stored electronically, with legal validity, recording transactions involving goods and services.

Refund: mechanism for reimbursing or refunding accumulated tax credits to the taxpayer when credits exceed VAT liabilities in a given period.

Split payment: mechanism in which the tax is automatically collected by a financial intermediary at the moment of the transaction, without passing through the seller's cash flow.

SPED (Public Digital Bookkeeping System): federal platform that integrates accounting and tax records in digital format, transmitted to tax authorities.

Tax control framework: structured set of policies, internal controls, and procedures designed to ensure tax compliance and the quality of tax-related data.

CONFLICT OF INTERESTS

The authors declare no conflict of interests.

DATA AVAILABILITY

The dataset supporting the findings of this study is not publicly available.

AUTHOR CONTRIBUTIONS

Roles	1º author	2º author
Conceptualization	♦	♦
Data Curation	♦	
Formal Analysis	♦	♦
Funding Acquisition	♦	
Investigation	♦	♦
Methodology	♦	
Project Administration	♦	
Resources	♦	
Software		
Supervision	♦	
Validation	♦	♦
Visualization	♦	
Writing – Original Draft	♦	
Conceptualization	♦	♦