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Special Regime Renewal

The Special Regime for the Reinstatement of Taxes for Exporters (Reintegra Program) was first introduced in Brazil by Law 12.546 in 2011 and primarily created to reduce the tax burden of local manufactured goods on export transactions performed up to December 31st, 2013. The Brazilian government, aiming to continuing the support and also increasing the global competitiveness of Brazilian manufacturing companies, re-established the Reintegra Program through the issuance of Provisional Measure 651 on July 9th, 2014.

Then, in order to regulate the application of the Reintegra Program renewed by Provisional Measure 651/2014, the Brazilian government issued the Decree 8,304 on September 12th, 2014.

According to Decree 8,304/2014, companies that produce and export goods manufactured in Brazil are allowed to request a credit that may vary from 0.1% to 3% calculated on the revenue from the export of such goods.

The main requirements for the eligibility under the Reintegra Program are: (i) exported products must be classified under the tariff codes contained in the Annex of Decree 8,304/2014, (ii) exported products must have been manufactured in Brazil, and (iii) the cost of imported raw materials cannot exceed the percentage limit of the export price of the goods, as determined in the Annex of Decree 8,304/2014.

Companies that export through an Export Trading Company are also eligible, if the information relating to the manufacturer company is contained in the Export Register. In the case of a manufacturing performed on behalf of another company, only the company that ordered such industrialization is eligible for the Reintegra Program (encomendante). Additionally, Companies that are set up in the North, Northeast and Midwest regions, as well as the industrial enterprises located in the areas of SUDAM (Superintendence for Development of Amazonia) and SUDENE (Superintendence of Development the Northeast region) are also eligible to join the Reintegra Program.

Under Reintegra Program, credits can be (i) refunded in cash or (ii) offset against federal taxes and contributions (due or coming due) administrated by the Brazilian Federal Revenue (RFB). The credit amount will be tax exempted and should not be included in the computation of PIS/COFINS (Taxes on Gross revenues) and IRPJ/CSLL (Corporate Income Taxes).