

ENCONTRO EMPRESARIAL
BRASIL - CHINA

中巴经贸合作研讨会

Investment Opportunities in Brazil

Innovation



Brazil at glance

- Big Country with many different regions with a high grade of concentration in terms of GDP (State of São Paulo)
- Development historically driven by the Government in many areas
- Strong market reservation until 90ties to many kinds of industries (substitution of imports)
- Low inflation since 1994 and local production incentives since then
- Balance of Payments issue pressure all time because is a big Country
- Good Universities but some problems in fundamental education
- Good innovative companies that are examples: Embraer; Embrapa; Natura; some others. Few comparing the need;
- Some conscience that Innovation is a source of richness that could help a lot the development of the Country
- Alliance between Government and Industry: CNI MEI (Enterprise Mobilization to Innovate)
- The Country has high taxes so a politic to get out this taxes create incentives to attend internal market



Tax Incentives to IT Industries

- Tax Federal Support to IT Companies
 - Informatic's Law (Law n. 8248): Reduce IPI
 - According PPB (define local content for production process), IPI can be reduced until 95%
 - Company needs to invest 3% of revenue in R&D
- PADIS (Law n. 11.484) (*only for semiconductor companies*)
 - Exemptions Import tax, IPI, PIS/COFINS for commercialization and import goods
 - Exemptions Income tax (IR) for commercialization
 - Exemption CIDE for technology transfer
 - Company needs to invest 5% of revenue in R&D
- Tax State Support for IT Companies
 - State Innovation Law: Reduce ICMS
 - i.e: in RS is PRÓ-INOVAÇÃO (Law n. 13.196), ICMS can be reduced until 75%

Funding Support for IT Companies

- Credit + co-investment (BNDES)
 - Loan and/or equity support.
- R&D funding
 - FINEP
 - Subvention – Financial support to R&D projects through bid process: don't need to return value
 - Financial – low cost finance to innovation projects without bid
 - CNPQ
 - Support to training and to HR (master and doctor degrees employees)

