



Brazilian government boosts the benefits applicable under the drawback regime

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By *Gabriel Caldiron Rezende* November 01, 2022



Gabriel Caldiron Rezende of Machado Associados discuss measures taken by the Brazilian federal government to in

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benefits for exporters.

On September 5 2022, the Brazilian government issued Law 14440/2022, which provided for the inclusion of certain services in the suspension drawback regime as of January 1 2023.

The drawback customs regime aims to boost the export of Brazilian manufactured products by exempting the acquisition of inputs used in the manufacturing of products to be exported, thus reducing the manufacturing costs. As a rule, the drawback regime is granted under the suspension and exemption modalities, as follows:

- The suspension drawback allows the suspension of the payment of import duty (II), excise tax (IPI), social contribution on revenues (PIS and COFINS), and social contribution on imports of goods and services (PIS-Import and COFINS-Import), combined or not with the acquisition, in the domestic market, of goods to be used or consumed in the manufacturing of the product to be exported. A state VAT (ICMS) exemption also applies, but only to imports.
- The exemption drawback allows an exemption from II and a reduction of IPI, PIS, COFINS, PIS-Import and COFINS-Import on imports to zero, combined or not with the local acquisition of goods equivalent to those used or consumed in the manufacturing of the exported product. No ICMS benefit is applicable.

Although the drawback regime provides for a tax reduction on the acquisition of goods, it is a benefit that aims at relieving the tax costs of the manufacturing of goods for exports, thus actually being a benefit for exports.

The benefit only applies to the acquisition of goods, not services.

With the changes brought by Law 11440/2022, as of January 1 2023, it will be possible to acquire certain services, in the domestic market and from abroad, directly and exclusively linked to the export of products resulting from the use of the suspension drawback regime with the suspension of PIS, COFINS, PIS-Import and COFINS-Import.

The suspension of PIS/COFINS and of PIS/COFINS-Import will apply to the following services:

- Intermediation in the distribution of goods abroad (agent commission);
- Cargo insurance;
- Customs clearance;
- Goods storage;
- Road, rail, air, waterway, or multimodal cargo transportation;
- Cargo handling;
- Container handling;
- Cargo unitisation or de-unitisation;
- Cargo document consolidation or deconsolidation;
- Freight transportation agency;
- Express remittance;

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- Cargo weighing and measurement;
- Cargo refrigeration;
- Operating lease or lease of containers;
- Installation and assembly of exported goods; and
- Training for the use of exported goods.

The expectation is that, with this measure, exports will be boosted, and the Brazilian economy will recover even better from the COVID-19 pandemic.

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