Brazilian Export Processing Zones – EPZ
Definition of EPZ

• Demarcated areas where exporting companies benefit from fiscal and currency exchange incentives, as well as reduced bureaucratic procedures
EPZ Requirements

- Industrial Activities
- Minimum of 80% of production for export
- If selling to the domestic market, all taxes are collected as usual
Tax Incentives

Tax suspension on importations or domestic procurement of goods and services:

- **Capital Goods**
  - New
  - Used (plant transfer)

- **Inputs** (raw materials, consumables, packing materials)

Suspended Taxes:

- Import Duty
- IPI (federal tax over added-value)
- PIS/COFINS (federal tax over operational revenue)
- AFRMM (tax over import freight)
Tax Suspension on Imports/
Domestic Procurement
Tax Incentives

Income tax

- Regular system, but current incentives applicable.
- Northeast and North regions:
  - 75% reduction
Currency Exchange Incentives

• Flexibility to keep 100% of export proceeds in a financial institution abroad.

• Freedom to make from it:
  – overseas investment
  – financial investments
  – general payments
Administrative Incentives

- Exemption of licenses and authorizations:
  - Exceptions: sanitary, national security and environment.

- In house customs clearance

- Streamlined import and export procedures
Legal Support

• **Incentives period of validity:**
  - Up to 20 years (stability)
  - Possible renewal for equal period.

• **Decisions taken by a Council of Ministers:**
  - Development, Industry and Trade;
  - Finance;
  - Planning, Budget and Management;
  - Environment;
  - National Integration;
  - Chief of Staff;
Labour Law

- The same applied in the rest of the country.
- Efficient dealing with work visa applications for companies at an EPZ area.
What Do EPZ Offer?

- Lower cost of investment
- Reduced red tape
- Tax suspension
- Streamlined customs procedures
- Legal security
- Currency exchange flexibility
Establishment of an EPZ

- Proposal from a state and/or municipality.
- Project submission to the National Council of Export Processing Zones - CZPE
- Presidential Decree to delimitate the EPZ area.
EPZ Development

- Public
- Private
- Mixed
Setting a company in an EPZ area

- Project submission to the National Council of Export Processing Zones - CZPE
- CZPE approval
- Transfer of a factory already in operation in Brazil is forbidden
Potential Sectors

• General purpose

• Value addition to basic products exported by Brazil

• Traditional Brazilian export industries

• High-tech products which require special conditions for export platforms
Opportunities for Investments

- Industrial projects intensive in Brazilian raw materials
- Regional export platforms
- EPZ’s infrastructure
- EPZ’s administration
Investment opportunities in the Productive Chain
What do EPZ offer?

- Proper infrastructure
- High grade logistics
- Efficient use of regional and local resources
- Integration with a diversified Brazilian industrial base
- Advantageous business environment
- Municipal, State and Federal Incentives
Legal Framework

- Decree 6.814/2009
- Normative Instruction 952/2009 (Federal Revenue Secretary – SRF)
- Resolution 2 and 3 (National Council of Export Processing Zones – CZPE)
Thank You!

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