WM TRADING

We Make it better

BRAZILIAN MAIN IMPORT TAXES

INFORMATIVE GUIDE

INTRODUCTION

When importing, taxes on foreign goods may vary depending on the product, location, or whether the operation will benefit for any tax incentive.

Taxes will not always be equal on operations. The application varies according to external factors and current regulations, but in Brazil taxes will always be charged over the value of the goods.

Let's understand a bit more about how the main import taxes work.

Import Tax
(II, in Portuguese)

What is its definition?

One of the federal taxes incurred on the entry of foreign goods is the Import Tax. The tax has an extra-fiscal role of regulating the market, with the function of controlling Brazil's trade balance increasing or decreasing the tax rates.

Political, economic, and exchange rate issues that seek to stimulate international trade practices are considered.

When it applies?

All foreign merchandise entering Brazil is subject to import tax.

Calculation

In addition to the customs value, the cost of international transport and insurance are included in the calculation.

Tax Rate

The incidence of the tax percentage is determined in the Common External Tariff (TEC, in Brazil). This percentage can be specified by the NCM (equivalent to the HS Code) or by specific product's characteristics (quantity, weight, measurement)

Tax over Industrialized Products
(IPI, in Portuguese)

What is its definition?

Among the federal taxes the IPI stands out, because it is charged on a specific range of goods, the industrialized ones.

Besides the responsibility for payment, IPI's role is to help regulate the market, because the tax helps controlling the origin of products and the national production.

When it applies?

The IPI is charged on all industrialized products of foreign origin listed in the TIPI, excluding those with "NT" (non-taxed).

Calculation

Sum of the value of the goods, freight, insurance and Import Tax X IPI rate indicated in the TIPI

Tax Rate

The incidence of the tax percentage is defined by the TIPI, according to the NCM (HS code) classification of the products.

PIS/COFINS

What is its definition?

Among the federal taxes applied on imports are the Social Integration Program (PIS) and the Contribution for the Financing of Social Security (COFINS).

Both are social contributions that have the purpose of financing social security. Therefore, they are a Federal Tax.

The taxable timing for PIS and COFINS is the product's entry into the national territory, at the Import Declaration.

When it applies?

These taxes are charged on all imports of foreign products and are related to social security.

Calculation

PIS - %PIS X CIF
COFINS - %COFINS X CIF

Tax Rate

The incidence of the tax percentage differs according to the NCM classification of the products.

It's worth emphasizing the importance of always consulting the official rates according to each NCM, since Brazilian legislation may bring different rates depending on the product.

Tax over Circulation of Goods and Services (ICMS)

What is its definition?

ICMS is a state tax that is charged on the movement of goods and services in general, including the most varied products and segments. It is applied both to imported goods and national ones.

The taxable timing is the customs clearance of the goods.

When it applies?

As mentioned, this tax is charged on transactions involving the circulation of goods and the provision of interstate and intercity transport services.

Calculation

The calculation of the ICMS is more complex than other taxes:

CIF + II + IPI + PIS + COFINS

This sum must be divided by (1 - ICMS %) and then multiplied by the ICMS %

Tax Rate

It varies according to the states; can be between 7% and 35%, depending on the location.

WM has a tax incentive that lowers the ICMS rate up to 4%; each situation must be analyzed individually.

Ex-Tariff

What is its definition?

Ex-Tariff is the subsidy granted by the Brazilian Government that allows the reduction of Import Tax in operations involving capital goods (BK) and telecommunications goods (BIT) in cases when there is no equivalent or sufficient national production to meet domestic demand for the product.

AGREEMENT 101/97

After undergoing a series of updates, the Agreement 101/97 established the ICMS exemption in operations with photovoltaic equipment and its components.

The agreement guarantees exemption in the products described below:

III – solar water heaters – NCM 8419.12.00;

IX – photovoltaic cells not mounted in modules or panels – NCM 8541.42.10 and 8541.42.20;

X – photovoltaic cells assembled in modules or panels – NCM 8541.43.00 – Ex 01 – Solar Cells.

Taxes on PV modules

Until the present date (May/23), Photovoltaic Modules under NCM 8541.43.00 are exempt from ICMS according to Agreement 101/97 and exemption from IPI according to EX 01.

The equipment, however, is subject to other taxes, as shown in the table below:

Tax Rates

Current II	Normal II	Mercosur	Normal IPI	PIS/Pasep	Cofins	ICMS
6	9,6	0	6,5	2,1	9,65	TN

In cases when the modules have Ex-Tariffs, the Import Tax rate becomes 0% or 2%.

Taxes can be many and they for sure have different particularities.

WM is the first trading company in Brazil certified on ISO 9001, that we keep since 2010. We take care of the entire process, delivering transparency, control and a 360° overview of the entire operation.

WM has more than 20 years of experience in International Trade.

We are always your best choice.

DO YOU HAVE ANY PROJECTS IN MIND?

CONTACT US

We Make it better

GET IN TOUCH

Amanda Pessotti
Business Development
+55 (11) 99707-2507
+55 (11) 4063-9640
+55 (27) 3022-9700
amanda@wmtrading.com.br
WeChat

Livia Verjovsky
Business Development
+55 (11) 94128-3344
+55 (11) 4063-9640
+55 (27) 3022-9700
livia@wmtrading.com.br
WeChat

Cesar Araujo
Project Coordinator
+55 (11) 98861-5403
+55 (11) 4063-9640
+55 (27) 3022-9700
cesar.araujo@wmtrading.com.br
WeChat