

Tax and policies incentives

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Tax System:

Each federated entity has the power to regulate and collect each tax.

The following are federal taxes: Import Tax (II), Export Tax (IE), Rural Property Tax (ITR), Financial Operations Tax (IOF), Income Tax and Income of Any Nature (IR – physical and legal person), and Tax on Industrialized Products (IPI). Also noteworthy are the Social Contribution for Social Security Financing (COFINS), the Social Contribution on Net Income (CSLL), the Social Integration Program (PIS), and other taxes, such as FGTS and other pension contributions.

The States are responsible for the Tax on Transactions Relating to the Circulation of Goods and on the Provision of Interstate and Inter-municipal Transport and Communication Services (ICMS), Tax on the Ownership of Motor Vehicles (IPVA) and Tax on the Causa Mortis Transmission and Donation (ITCMD).

These are municipal taxes: Tax on Services of Any Nature (ISS), Urban Property and Land Tax (IPTU) and tax on Transfer of Real Estate Between the Living (ITBI).

Source: [Invest & Export Brasil – Legal Guide for Foreign Investor in Brazil](#)

Municipal taxes – Fortaleza:

1. ISS – Tax on Services of Any Nature

The Tax on Services of Any Nature (ISSQN), in article 156, III, of the Federal Constitution of 1988, is currently, in the Municipality of Fortaleza, regulated by articles 223 and 259 of Complementary Law No. 159/2013 and by articles 578 to 781 of the Municipal Tax Code Regulation, approved by Decree no. 15,674/2015.

It is the Tax on Services of Any Nature that acts as a generator fact for the provision of services included in the list attached to its Regulation.

- **Calculation Basis** The tax calculation basis is the price of the service, including all the costs and expenses used in its formation, including the amount of tax due. The rules provide the possibility of deducting price value of the service. This hypothesis applies to services in sub-items 7.2 and 7.5 of the list in Annex I of the Complementary Law no. 159/2013 and to services performed by cooperative companies.

For more details on the ISSQN calculation basis, please consult the rules in articles 637 to 660 of the Municipal Tax Code Regulation.

- **ISSQN Rates**

The ISSQN rates are currently defined in article 245 of Complementary Law 159/2013.

To consult the current ISSQN rates for each type of service, which became effective on January 1st, 2014, please access to the CNAE table and the corresponding Service List.

For more information, kindly consult:
<https://www.sefin.fortaleza.ce.gov.br/Canal/16/Generico/18/Ler>

2. **IPTU – Urban Property and Land Tax** The Urban Property and Land Tax (IPTU), provided for in Article 156, I, of the Federal Constitution of 1988, is currently, in the

Municipality of Fortaleza, regulated by Articles 260 to 296 of Complementary Law no. 159/2013 and by Articles 782 to 833 of the Municipal Tax Code Regulation, approved by Decree no. 15,6 74/2015. The Urban Property and Land Tax is levied by the Municipality on people who own residential properties, non-residential properties and land in the city.

- **Calculation Basis** It is the market value of the property, that is, the value corresponding to a mass appraisal, the sale value. This market value is calculated basing on several factors, such as the size of the land, the building, its location, the type of finish and the types of urban equipment existing in the patio area.
- **Applied Rates (Complementary Law no. 159/2013)**

Residential Property

Market Value	Rate	Reduction
Up to R\$ 99,501.86	0.6%	No reduction
Above R\$ 99,501.86 and until R\$358,206.64	0.8%	Apply a reduction of R\$ 199.00 on the tax amount
Above R\$ 358,206.64	1.4%	Apply a reduction of R\$ 2,348.24 on the tax amount

Non-residential

Market Value	Rate	Reduction
Up to R\$ 358,206.64	1.0%	No reduction
Above R\$ 358,206.64	2.0%	Apply a reduction of R\$ 3,582.06 on the tax amount

Unbuilt land

Location	Rate	Reduction
Located in areas devoid of urban infrastructure	1 .0 %	No reduction
Located in areas that have urban infrastructure	2 .0 %	No reduction

For more information, please consult:
<https://www.sefin.fortaleza.ce.gov.br/Canal/16/Generico/17/Ler/>

3. ITBI – Tax on the Transfer of Real Estate

It is the tax on the transfer between living people, of any deed, by onerous act, of real estate, by nature or physical accession, and of real rights over the real estate, except those of guarantee, as well as the assignment of rights to their acquisition.

- **Calculation Basis** It is calculated on the market value of the property, taking into account the values measured in the real estate market.

- **Rates**

Financing	Value	Rate
Property financed by the Housing Finance System	On the financed amount (Up to the limit of R\$ 322,223.14)	0.5%
	On the unfinanced amount	2.0%

In other transfers	Before the deed	2.0%
	In the registry	3.0%

For more information, please consult:
<https://www.sefin.fortaleza.ce.gov.br/Canal/16/Generico/1199/Ler>

Source: [Municipal District of Fortaleza – Secretariat of Finance](#)

Tax Incentives in Fortaleza:

Municipalities can develop partnerships with companies to reduce municipal taxes: IPTU, ITBI and ISS;

Fortaleza, specifically, has the Complementary Law 105/2015, which deals with the PRODEFOR and PARQFOR programs. Both programs allow complete or partial reduction of IPTU, ITBI and ISS.

- [Fortaleza Tax Incentive Programs – PRODEFOR and PARQFOR \(Complementary Law no. 205/2015\)](#)

- **PRODEFOR** (Program for Economic Development of the Municipality of Fortaleza)

Encourages companies to go to low HDI (Human Development Index) neighborhoods, using tax incentives. These neighborhoods coincide with those that have a high demographic and low number of businesses.

- **PARQFOR** (Support Program for Technological and Creative Parks in Fortaleza)

Encourages companies that develop economic activities of technological and creative bases in the areas of Park, Special Zones of Social Urban Dynamism (ZEDUS) and the associated Higher Education Institutions.

Tax Incentives at Praia de Iracema

Decree regulating economic activities and enterprises that may obtain incentives at Praia de Iracema in Law no. 260/18.

Incentives for the area's economic vocations with regard to activities aimed at: creative economy, services and commercial activities, leisure and entertainment activities, and technology.

- ISSQN – 60% reduction for economic activities, in Zones I and II; 60% reduction for legal entities that may increase their revenue;
- ITBI – Reduction up to 100% in Zones I and II for properties acquired to be used in the incentivized activities;
- IPTU – Reduction up to 100% in properties acquired in Zone I, with maximum market value of R\$ 150,000.00 occupied and used for housing, and reduction up to 100% in properties that will be established in Zone II.

Sources:

- Ceará State Government
- District of Fortaleza – Municipal Secretariat of Urbanism and Environment
- [Brazilian Chamber of the Construction Industry \(CBIC\)](#)

Industrial Development Fund (FDI)

It is an Agreement between the company and the State Government in the form of tax incentives (reduction of ICMS), consolidating itself, in recent years, as one of the main economic development policies of Ceará.

– Who is it for?

Tax benefit granted to industrial societies and industrial cooperatives considered of fundamental importance (primarily belonging to labor-intensive industrial types) for the economic development of the State. Tax benefit intended for: Implementation; Operation; Relocation; Expansion; Modernization; Diversification; or Recovery.

– Coverage

The Industrial Policy of the State of Ceará comprises:

I – actions aimed at selective attraction of business investments, aiming at the formation and densification of the selected production chains and the formation of spatial agglomerations;

II – availability of infrastructure necessary for the implementation and full development of the production activity;

III – support for the inclusion and economic development, aiming at:

- a) strengthening of the network of institutions focused on socioeconomic development and the absorption of new technologies;
- b) attracting and strengthening of local technology-based companies;
- c) generation and increase of production chains;
- d) development of the tourism industry;

IV – training and qualification of labor.

– Benefit:

The incentive percentage will be up to 75% exemption from own ICMS generated as a result of industrial production*.

The company will enjoy the benefit for up to 10 years.

To enjoy the benefit, companies must present specific goals for: production; job creation; investment volume; freight costs for the term of the contract or term of agreement.

**Companies joined under PROADE can have up to 99% exemption from ICMS.*

– Requirements

In addition to the other requirements mentioned in Decree 32,438/2017, companies eligible for FDI benefits must:

- Submit an economic-financial project to ADECE, which will submit it to the FDI's financial agent, whose analysis should demonstrate the economic-financial viability of the enterprise;
- In the case of a new company, it should prove, through a technical report issued by the FDI's financial agent, that the beginning of production occurred in less than 180 days after the presentation of the project to the FDI's financial agent;

- In case of an expanded, diversified, modernized industry, it should prove, through a technical report issued by the FDI's financial agent, that the expansion, diversification or modernization project was completed in less than 180 days after the application was submitted to the FDI's financial agent.

Specific Programs for Granting Incentives

a. PROVIN (Industrial Development Incentive Program)

Incentives will be granted to companies and cooperatives of industrial nature, incentives for the implementation, expansion, recovery, diversification and modernization of industrial establishments, as defined in Decree No. 32,438/2017.

Types of business projects:

1. IMPLEMENTATION – enterprise that provides the entry of a new production unit into the market;
2. DIVERSIFICATION – enterprise that introduces new production lines, without excluding existing lines, to produce new products;
3. MODERNIZATION – enterprise that introduces new technologies, new methods and rational means of production, partially or totally modernizing the production process of the enterprise, in one or more production lines;
4. EXPANSION – enterprise that expands the installed real capacity of the enterprise, in one or more production lines;

5. RECOVERY – enterprise that makes new investments capable of restoring the economic viability of the enterprise, with the use of installed capacity, promoting the creation of employment.

The companies incentivized by PROVIN will be assured of:

- Guarantee of the incentives granted, for a period of up to 10 years;
- Deferral of up to 75% of the amount of ICMS due;
- Return of principal of up to 25%.

b. PCDM (Program of Incentives for Merchandise Distribution Centers)

Incentives will be granted to companies in relation to operations of entry of goods from abroad or from states in the south and southeast regions, entry of goods from any of the Regions, provided that the exit has been directly from the manufacturer's establishment, from the internal acquisition of scrap and internal acquisition of goods according to Decree 24,569/1997.

Companies incentivized by PCDM will be assured of:

- Guarantee of PCDM incentives, for a period of up to 120 consecutive months, with the reduction of ICMS generated in the interstate exit of goods, by up to 75%;
- Deferral of the ICMS levied on the import of goods, without similar produced in this State; in the import from Abroad as well as in the entry of other units of the Federation, of goods to integrate into the fixed assets;
- Exemption from the advance payment of ICMS levied on interstate entry of goods from industrial establishments, in the case of contracts signed up to

the date of publication of the Decree.

c. PIER (Program of Incentives for Generating the Production Chain of Renewable Energy)

This will be granted to companies that manufacture equipment utilized for generating renewable energy from biofuels, biomass, wind, solar energy, hydrogen, sea tides, among others.

Companies incentivized by PIER will be assured of:

- Guarantee of the incentives granted, for a period of up to 120 consecutive months,;
- Deferral equivalent to 75% of the ICMS value collected monthly and within the legal period;
- Return of the principal and an addition of 1%, duly corrected by applying the Long Term Interest Rate (TJLP) or other index to be defined.

d. PROADE (Program for Attracting Strategic Enterprises)

Incentives will be granted to the implementation of enterprises economically located in the State territory and considered strategic for the development of Ceará.

Companies incentivized by PROADE will be assured of:

- Guarantee of granted incentives, for a period of up to 10 years, extendable for an equal period;
- Incentives may be up to 99% of ICMS levied on the company's own production operations, with a return of up to 1%.

Strategic Sectors

I) Extraction of metallic minerals;

II) Manufacture of non-metallic mineral products;
III) Manufacturing of pharminochemicals and pharmaceuticals;
IV) Manufacturing of automobiles, vans, utility vehicles, trucks and buses;
V) Manufacturing of chemical products;
VI) Textile industry;
VII) Manufacturing of shoes;
VIII) Manufacturing of petroleum refining products and petrochemical products;
IX) Steelmaking;
X) Manufacturing of locomotives, wagons and other rolling materials;
XI) Manufacturing of aircraft, their parts and components;
XII) Wheat milling;
XIII) Manufacturing of electric motors, their parts and accessories;
XIV) Other industrial activities that do not have similar production in the national territory;
XV) Implementation of a business company in polygonal areas to be defined by proper act of the Executive Authority, necessarily located in regions that have prison units and/or houses of temporary deprivation of liberty, administered by the Secretariat of Justice and Citizenship of the State of Ceará – SEJUS, or any other that replaces it, guaranteeing a minimum percentage of 90% of job vacancies to inmates of the Penitentiary Complexes of the State of Ceará.

Other Incentives Under the FDI

SEFAZ may grant deferrals under the terms of the tax legislation in the following cases:

- ICMS levied on the import of:
 - a) Machinery, equipment and metallic structures for composing the fixed assets of the business company;
 - b) Raw material and inputs for use in the industrial process, acquired by an importing establishment authorized by the FDI/PIER;

c) Machinery, equipment and structures, formalized through a Commercial Lease contract with a pre-determined period, monthly advances and with a purchase option at the end of the contract.

- ICMS that is due to the result from the difference between the ICMS rates levied on internal and interstate operations, related to the acquisition of goods destined for the company's Fixed Assets.

– Step-by-step

Protocol of Intent:

1. Company seeks ADECE
2. Protocol Request through the FDI System
3. Analysis by CONDEC's Technical Committee
4. The Protocol of Intent is signed

Resolution

1. Technical-Financial Project via FDI System
2. Technical Opinion of the Bank via FDI System
3. Analysis by CONDEC's Technical Committee
4. Deliberation of CONDEC
5. Drafting the Resolution
6. The Term of Agreement is signed
7. Implementation with the Bank

Incentives and Tax Benefits System of SUDENE

Sudene has differentiated instruments to promote development in its area of operation, which encompasses the nine States of the Northeast and the north of Minas Gerais and Espírito Santo.

Who is it for?

Companies opting for real profit with projects of

implementation, diversification, expansion and partial or total modernization of enterprises. The benefited sectors are defined by Decree 4,213/02 and cover most of the manufacturing industry.

Benefits:

- Reduction of 75% of IRPJ and non-refundable additionals for a period of 10 years;
- Reinvestment of 30% of IRPJ;
- Accelerate depreciation and discount of PIS/PASEP and COFINS;
- Exemption from IRPJ (only for sectors based on digital technology and aimed at digital inclusion).

How to use

1. Fill out the forms on the Sudene website
2. Record the proceeding
3. Verification of suitability
4. Project inspection
5. Recognition of the benefit in the Federal Revenue
6. Grant of Benefit

Sources:

- State Government of Ceará
- Ceará State Development Agency S.A.