



Law 11196/05 – “Lei do Bem” Tax incentive for technological innovation

We live in an era of unprecedented changes and constant disruptions that gives innovation an even stronger character of differentiation and competitiveness in the market. Thus, research, development and innovation (RD&I) initiatives can play a vital strategic role for organizations, due to their ability to boost efficiency, assist entry into new markets and develop innovative products and business models.

Although technological innovation is a broad concept, it is essentially centered on the design of a new product, on the formulation of a different manufacturing

process, or on the addition of new characteristics to an existing product or process. For innovation to occur, it is necessary that these initiatives generate some kind of evolution, through effective gains in quality or productivity.

In this context, Law 11196/05, known as the “Lei do Bem”, establishes benefits focused on the reduction of IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Profit) linked to research and development of technological innovation – no prior approval from the Ministry of Science, Technology and Innovation (MCTI) is required.

Benefits of the “Lei do Bem”:



Recovery of 20.4% to 27.5% (34% in the case of patents) of RD&I expenses with the exclusion of 60% to 80% (100% in the case of patents) from the IRPJ CSLL computation



50% reduction in the IPI (Federal Excise Tax) on the purchase of machinery and equipment for RD&I



Financial benefit from the full depreciation of the acquisition of machinery and equipment and the accelerated amortization of intangible assets used for R&D



Reduction to zero of the WHT (15%) levied on remittances abroad as trademarks and patents

Deloitte has developed an approach to accompany companies that are working on the development or improvement of technologies, products or processes, supporting the identification of opportunities for tax benefits in the context of the “Lei do Bem”.

Main requirements for “Lei do Bem”:

- Companies calculating IRPJ and CSLL under “Lucro Real” (actual computation)
- Proof of tax compliance
- Limited to Taxable Income and CSLL calculation basis before the benefit
- Expenditures on RD&I activities



Multidisciplinary view

We have a team of engineers specialized in identifying R&D projects, as well as accountants and tax specialists



Subject matter expert

Our team of engineers has vast experience and credentials to work in all sectors of industry and business



Global network

We are able to work on global projects to support companies in different countries in identifying tax benefits linked to RD&I

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