

THE FUTURE IS INVESTING
IN RIO GRANDE DO SUL



INVESTMENT INCENTIVES GUIDE

JULY 2025

 **invest.RS**

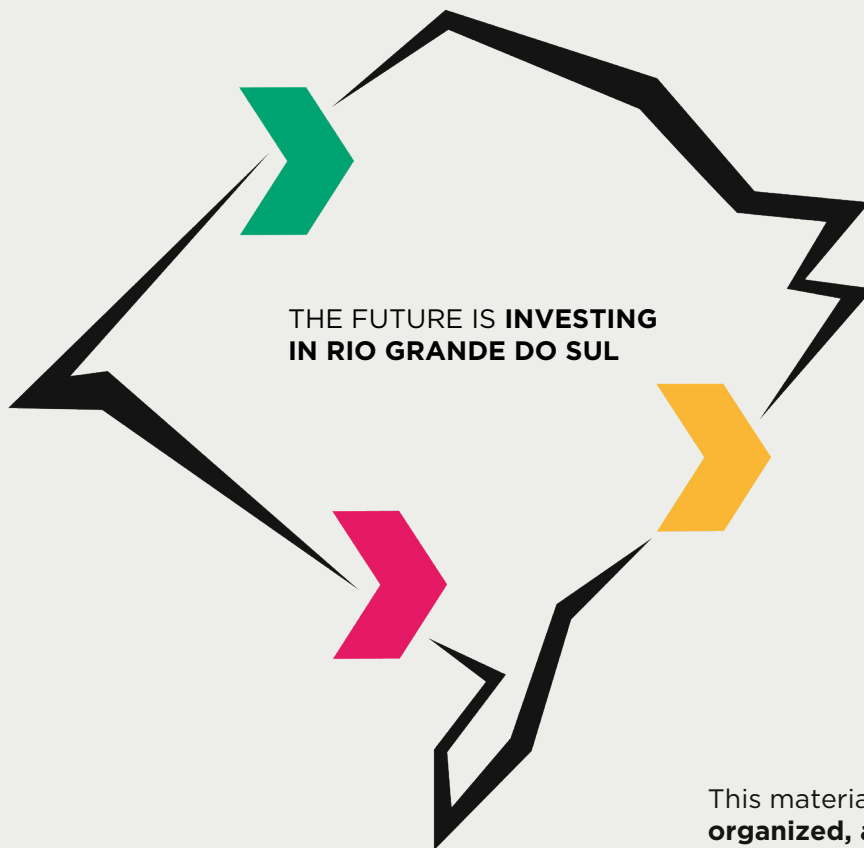


GOVERNO DO ESTADO
RIO GRANDE DO SUL
SECRETARIA DE DESENVOLVIMENTO
ECONÔMICO

SUPPORTING THE INVESTOR JOURNEY

Invest RS presents this Investment Incentives Guide as a **strategic tool** to **support the decision-making process** of domestic and international investors. The objective is to **facilitate the investor journey** in Rio Grande do Sul by presenting tax and financial incentive programs and contributing to a more **transparent, efficient, and competitive business environment**.

This is one of the commitments of the inclusive and sustainable economic development plan, coordinated by the Secretariat of Economic Development.



This material aims to provide a **clear, organized, and accessible overview** of the available **tax and financial incentives** to enhance the competitiveness of local companies as well as **new investments**, strengthening **investment attraction and promoting regional development**.



There are numerous reasons to invest in Rio Grande do Sul

First, its location is strategic, placing it at the **center of Mercosur**, bordering Argentina and Uruguay, which provides access to a market of **150 million inhabitants**, representing **70% of the continent's GDP**.

Quality of life and safety are other key advantages, with Rio Grande do Sul being **the 3rd safest state in Brazil**, recording a 78% reduction in street robberies and an 87% reduction in vehicle theft between 2017 and 2024.

Economically, **the state is one of the strongest in the country**, ranking as the **5th largest economy in Brazil** and accounting for **6% of the national GDP**, with broad economic diversification. In terms of human development, it has the **5th highest Human Development Index (HDI) in the country**, exceeding the national average.

Innovation is a strong pillar, with the **state being a leader in innovation in Brazil**, home to 19 technology parks, 48 Science, Technology, and Innovation (ST&I) institutions, and 44 business incubators. Each year, 1.2 thousand PhDs graduate, and **the state leads the country in patent filings**, also hosting **two of the country's top technology parks**. In 2024, **the innovation sector received BRL 360 million in investment**.

In the **renewable energy** sector, Rio Grande do Sul stands out **as a national leader in biodiesel**, with 9 installed plants and accounting for 23% of national production, in addition to being **the 4th largest producer of solar energy and the 5th largest producer of wind energy in Brazil**. It is also a leader in offshore wind power licensing projects, with a total installed energy capacity of 12.25 GW, of which 82% is generated from renewable sources.



The business environment in the state has been significantly improved.

After facing financial crises, **Rio Grande do Sul implemented administrative, pension, and tax reforms**, as well as a spending cap, privatizations, and accession to the Fiscal Recovery Regime. These measures resulted in **overcoming issues** such as delayed salary payments, debts with the federal government and in the healthcare sector, higher taxes, and a lack of investment capacity. As a reflection of this favorable environment, in 2024, the state attracted an impressive **BRL 100 billion in investments**.

Summary

I - STATE INCENTIVES

08 to 24

➤ FUNDOPEM/RS COMPANY OPERATIONS FUND	09
➤ INTEGRAR/RS	10
➤ FUNDOPEM EXPRESS	11
➤ PROEDI - SUPPORT FOR THE ESTABLISHMENT OF COMPANIES IN INDUSTRIAL DISTRICTS IN RIO GRANDE DO SUL	12
➤ INCENTIVES FOR COMPETITIVENESS THROUGH ICMS (Value-Added Tax on Goods and Services)	14
➤ STATE SEMICONDUCTOR INCENTIVE POLICY	19
➤ H2V-RS PROGRAM - DEVELOPMENT OF THE GREEN HYDROGEN VALUE CHAIN IN RIO GRANDE DO SUL	21
➤ AGREGAR CARNES (Meat Value Addition Program) - INCENTIVE PROGRAM FOR SLAUGHTERING AND INDUSTRIAL PROCESSING	23

II - FEDERAL INCENTIVES

26 to 40

➤ LEI DO BEM (Law No. 11.196/2005)	26
➤ PADIS - PROGRAM TO SUPPORT THE TECHNOLOGICAL DEVELOPMENT OF THE SEMICONDUCTOR INDUSTRY	28
➤ MOVER - GREEN MOBILITY AND INNOVATION PROGRAM	30
➤ ECO INVEST BRASIL - PROGRAM FOR THE PROMOTION OF ECOLOGICAL TRANSFORMATION	31
➤ REIDI - SPECIAL REGIME OF INCENTIVES FOR INFRASTRUCTURE DEVELOPMENT	32
➤ REHIDRO - SPECIAL REGIME OF INCENTIVES FOR IRRIGATION PROJECTS	33
➤ SPECIAL INCENTIVE REGIME FOR RECYCLING	34
➤ RECAP - SPECIAL REGIME FOR THE ACQUISITION OF CAPITAL GOODS FOR EXPORTERS	35
➤ REIQ - SPECIAL REGIME FOR THE CHEMICAL INDUSTRY	36
➤ RETID - SPECIAL REGIME FOR THE DEFENSE INDUSTRY	37
➤ REPOR - TAX REGIME FOR PORT AND RAILWAY INFRASTRUCTURE	38
➤ RENOVABIO - NATIONAL BIOFUELS POLICY	39
➤ PLANO NOVA INDÚSTRIA BRASIL (New Industry Brazil Plan) (2024-2026)	40

III - FINANCING: BANKS AND DEVELOPMENT AGENCIES

42 to 48

➤ BRDE - REGIONAL DEVELOPMENT BANK OF THE FAR SOUTH	43
➤ BADESUL DESENVOLVIMENTO S.A.	44
➤ FUNDO CLIMA (CLIMATE FUND) - FINANCING FOR LOW-CARBON PROJECTS	45
➤ FINEP - FINANCING AGENCY FOR STUDIES AND PROJECTS	46
➤ BANRISUL - BANK OF THE STATE OF RIO GRANDE DO SUL	47
➤ BNDES - NATIONAL BANK FOR ECONOMIC AND SOCIAL DEVELOPMENT	48



Structured in a clear and objective manner, the guide provides:

- › Descriptions of the main tax incentives and economic-financial benefits;
- › Eligible sectors and company profiles;
- › Conditions and requirements for accessing the programs;
- › Classification between federal and state incentives;
- › Additional information and support channels.

This is a **dynamic document** that will be **periodically updated** in line with legal changes, the inclusion of new programs, and the needs of the productive sector.



THE FUTURE IS INVESTING
IN RIO GRANDE DO SUL



I - STATE INCENTIVES

Rio Grande do Sul offers a broad range of **state incentives** aimed at attracting and **strengthening industrial, technological, and sustainable enterprises.**

The programs include **tax, financial, and structural incentives**, covering different company sizes and investment levels.



BELOW, WE HIGHLIGHT
THE **MAIN PROGRAMS AND
MECHANISMS AVAILABLE:**



FUNDOPEM/RS

COMPANY OPERATIONS FUND



Indirect financial incentive linked to the Secretariat of Economic Development (SEDEC), applied to **incremental ICMS**—the amount of ICMS due on product sales that exceeds the company's historical average prior to the project. It provides **cash flow relief** without the direct transfer of funds. Legal basis: State Law No. 15.642/2021.

What is it

FUNDOPEM/RS is an **indirect financial incentive** program that applies to incremental ICMS. It does not directly transfer funds to companies but **allows for the deferral of part of the ICMS due**, facilitating the establishment or expansion of enterprises.

Purpose

- › Development of local productive arrangements
- › Job creation and innovation
- › Respect for the environment

Benefits

- › Financing of up to 100% of fixed investments
- › Monthly amount $\leq$ 9% of incremental revenue
- › Grace period: up to 60 months
| Amortization: up to 96 months
- › Rate: IPCA (Brazil's Broad Consumer Price Index) + 0% to 2% per annum

Eligible applicants

- › Companies not enrolled in the Simples Nacional tax regime (Simplified National Tax Regime)
- › Industrial and agro-industrial projects

Requirements

- › Proven fixed investment
- › Job creation or maintenance
- › Tax, environmental, banking, labor, and social security compliance

How to apply

1. Submission of a pre-project to SEDEC via a letter of inquiry
2. Technical analysis and definition of conditions
3. Signing of the settlement agreement and project kickoff

Important

The benefit is granted after the investments are made.



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INTEGRAR/RS



Complementary program to **FUNDOPEM/RS**, which grants a **financial rebate** on the amount to be paid under the subsidized financing.

Linked to the Secretariat of Economic Development of Rio Grande do Sul.

What is it

INTEGRAR/RS **offers a rebate on each installment of financing granted** through FUNDOPEM/RS, reducing the amount to be repaid to the State.

Purpose

- › To harmonize regional industrial development;
- › To promote inclusion, sustainability, and the creation of quality jobs.



Benefits

- › A 10% to 90% rebate per financing installment (principal amount + charges)

Criteria for defining the percentage

- › Project location
- › Job quality
- › Positive environmental impact

Important

Valid only for projects previously approved under FUNDOPEM/RS.



FUNDOPEM EXPRESS



Simplified access mechanism to the presumed tax credit linked to FUNDOPEM/RS, without the need for financing. As provided for in Article 10 of Normative Resolution No. 01/2021.

What is it

It allows the company to **directly use the presumed ICMS tax credit**, with less bureaucracy and greater speed in the process.

Purpose

- To encourage productive investments
- To expedite the granting of benefits
- To reduce initial costs and bureaucracy

Benefits

- Direct use of tax credit
- No requirement for guarantees
- Faster process



PROEDI - SUPPORT FOR THE ESTABLISHMENT OF COMPANIES IN INDUSTRIAL DISTRICTS IN RIO GRANDE DO SUL

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To facilitate the establishment or relocation of industries in Rio Grande do Sul by offering subsidized land plots in Industrial Districts. Regulated by State Decree No. 56.088, of September 13, 2021.

Main benefits

- › Industrial land plots with up to 90% subsidy on the sale price.
- › Right to reserve land upon project approval.
- › Strategic use of public areas with infrastructure.

Eligible applicants

- › Industries
- › Logistics and warehousing companies
- › Related service providers

Eligibility criteria

- › Strategic relevance of the activity
- › Level of fixed investment
- › Generation of direct jobs
- › Project location
- › Use of renewable sources/clean technologies
- › Presence of an R&D center or focus on innovation
- › Project objectives and feasibility
- › Financial capacity of the applicant

Simplified process

- 1** Submission of the project feasibility study to SEDEC
- 2** Technical, environmental and tax assessment
- 3** Execution of a land reservation/purchase agreement



Featured Industrial Districts:

(Lots subject to availability upon consultation with the Secretariat of Economic Development)

District	Region	Starting lot size	Key infrastructure
Rio Grande (DIRG)	Seaport	10.000 m ³	Port, highway, railway, power supply at 13.8 kV & 69 kV
Montenegro (DIM)	Metropolitan Region	15.000 m ³	Petrochemical hub, river port, power supply at 13.8 kV & 69 kV
Alvorada-Viamão (DIAV)	Metropolitan Region	5.000 m ³	Power supply at 13.8 kV, water supply, stormwater drainage
Guaíba (ZMG)	Metropolitan Region	50.000 m ³	BR-116, power supply at 13.8 kV
Cachoeirinha do Sul (DICS)	Center	7.000 m ³	Paved roads, power supply, water supply
Bagé (DIB)	South	3.000 m ³	Power supply at 13.8 kV & 69 kV, railway



INCENTIVES FOR COMPETITIVENESS THROUGH ICMS



Rio Grande do Sul grants **preferential tax treatment and reductions in the ICMS tax burden** for strategic sectors in accordance with applicable regulations. These benefits may vary depending on the company's profile, the productive sector, and its socioeconomic contribution.

What is it

A set of **preferential tax treatments** that allow for ICMS reduction, suspension, or presumed tax credits, in accordance with criteria established by decree.

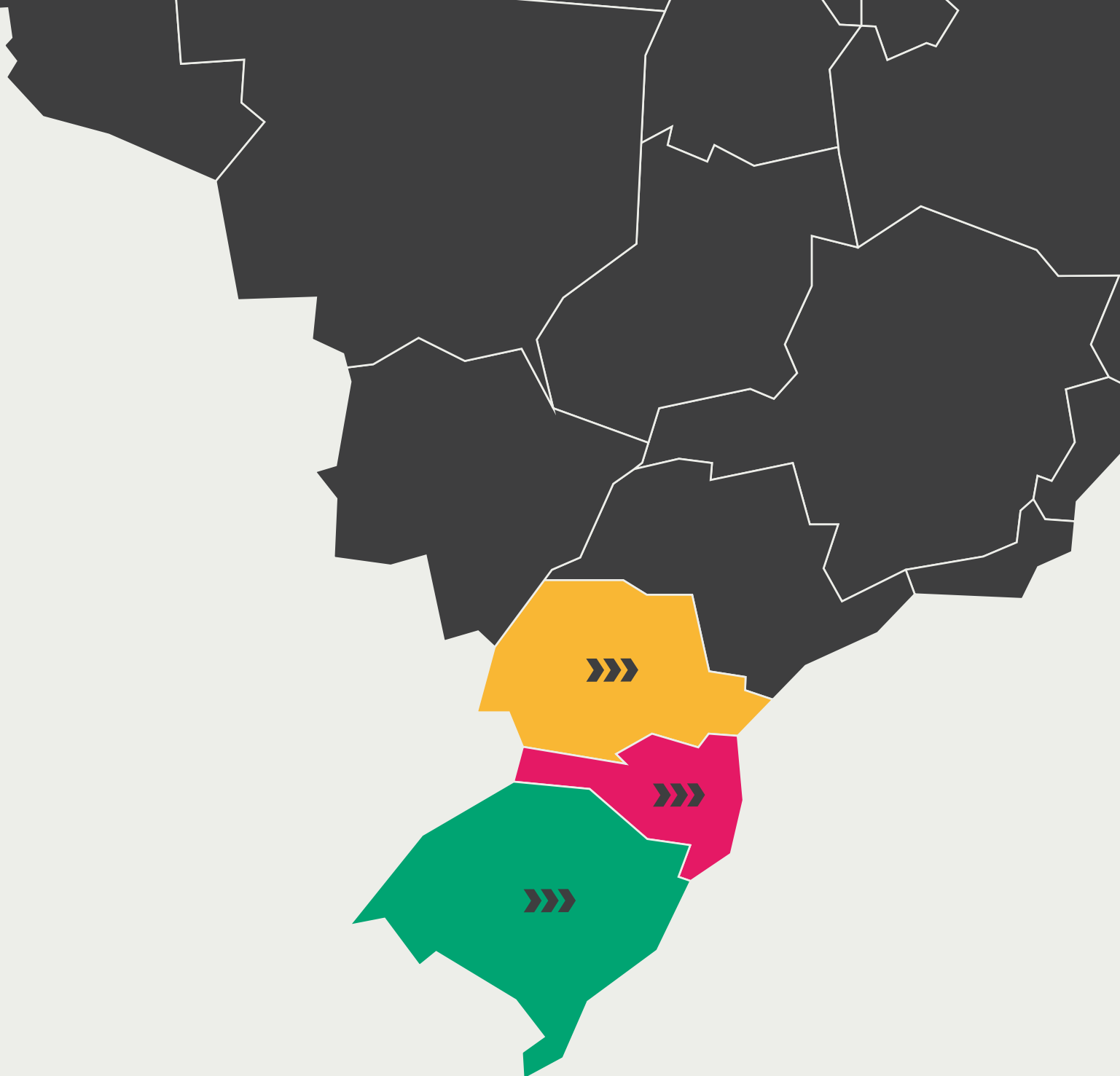
Purpose

- › To make the tax environment more competitive
- › To encourage the attraction and retention of companies
- › To promote sectors with regional or technological impact

Incentive Modalities

- › Reductions in the tax base
- › Tax deferrals
- › Presumed tax credits





Regional highlight

- › Rio Grande do Sul offers an **attractive package of incentives** that is competitive with other states in the Southern region and may match incentives granted by Santa Catarina and Paraná when the difference is below a defined threshold, strengthening its competitiveness.
- › **Standard ICMS rate in Rio Grande do Sul:**
17% - one of the lowest among Brazil's major states. (Source: Confaz, 2024)

**Standard ICMS rate
in Rio Grande do Sul:**

17%
»»»

Benefits

1. During the **implementation phase of the investment**

ICMS deferral on the import of machinery and equipment:

- For fixed assets (with no equivalent available in Rio Grande do Sul)
- Requires customs clearance in Rio Grande do Sul
- Legal basis: RICMS/RS, Book I, art. 53, II, Appendix XVII, item XV



ICMS deferral on the domestic acquisition of machinery and equipment:

- or goods produced in Rio Grande do Sul and intended for fixed assets
- Includes accessories, spare parts, and tools
- Legal basis: RICMS/RS, Book III, Article 1, Appendix II, item LXXXI



Exemption from DIFAL (ICMS rate differential) on interstate acquisitions:

- For industrial machinery and equipment
- Legal basis: RICMS/RS, Book I, art. 9, CLXXXII



Refund of tax credits on the acquisition of capital goods:

- Credit appropriation over 24 months for industrial machinery and equipment acquired in the state
- Legal basis: Art. 31 4º, note 7, d, of the RICMS



2. During the **operations/sales**

2.1 Partial ICMS deferral on domestic purchases for industrial processing or commercialization (reducing the tax burden to align with acquisitions from other states – 12%)



Application:

For **raw materials** and inputs from **suppliers in Rio Grande do Sul**, including **wholesalers**



2.2 ICMS deferral on the import of inputs (zero tax burden)

- For inputs and raw materials intended for industrial processing, with no equivalent produced in Rio Grande do Sul
- Requires customs clearance in the state



3. Possibility of non-tax incentives

Such incentives are defined on a case-by-case basis and may be formalized through a Memorandum of Understanding (MoU), an instrument that establishes mutual commitments between the public authorities and the investing company.

Examples of non-tax countermeasures that may be evaluated:

- › Donation or exchange of public land for the establishment of the project;
- › Investments in infrastructure in the surrounding area of the project (**access roads, paving, sanitation, etc.**);
- › Partnerships for training the local workforce, according to project needs.

These possibilities have already been adopted in strategic projects in the State and can be considered according to the nature and size of new investments.



Important

- › Benefits may depend on a specific project analysis.
- › These may vary depending on changes in state legislation.
- › **Invest RS provides full technical support in the preparation and submission of incentive applications.**



STATE SEMICONDUCTOR INCENTIVE POLICY



Rio Grande do Sul stands out in Brazil for establishing a **state-level policy dedicated exclusively to the semiconductor sector**, with **tax and financial incentives** to foster the entire production chain.

What is it

A set of tax incentives, financing lines, and institutional support for companies operating in the design, packaging, testing, or manufacturing stages of chips and semiconductor components in the state.

Purpose

- › To consolidate Rio Grande do Sul as a national semiconductor hub
- › To attract new foreign investments
- › To strengthen Brazil's technological and industrial sovereignty

Continuous policy for the development of a qualified workforce

- › Training of integrated circuit designers and in the main commercial Electronic Design Automation (EDA) tools (CI Inovador and Inova Semicondutores programs);
- › Training of engineers for packaging and testing;
- › To strengthen the semiconductor supply chain in sectors such as agribusiness and healthcare, leveraging the state's productive vocation



Benefits

Zero ICMS on semiconductor sales:

- › Zero ICMS on the sale of semiconductors and derivative devices within Rio Grande do Sul and to other Brazilian states.
- › In practice: **full ICMS exemption** for products manufactured in Rio Grande do Sul.



The benefit is provided under Article 32, CXVI, as a presumed tax credit granted to manufacturers of DIMM memory modules assembled on printed circuit boards (classified under NBM/SH-NCM code 8473.30.42), permanent memory circuits such as static RAM (SRAM) with access time of less than or equal to 25ns, EPROM, EEPROM, PROM, ROM and FLASH, as well as other memory circuits and integrated digital or analog circuits classified under NBM/SH-NCM codes 8542.31.20, 8542.31.90, 8542.32.21, 8542.32.29 and 8542.39.39, and non-volatile semiconductor-based data storage devices classified under subheading (HS code) 8523.51 of the NBM/SH-NCM, on outbound transactions of these goods within the national territory, in an amount equal to the ICMS due on the transaction.

Zero ICMS on the import of inputs:

- › Full ICMS exemption on the import of inputs and components used in semiconductor manufacturing.



ICMS rate reduced to 4%:

- › Applicable to finished information technology and automation products.
- › Through a presumed tax credit, the effective tax burden is reduced to 4%.



Presumed tax credits applicable to IT and automation products under Article 32: VII (4% tax burden); CXVI (100% of the tax amount); CLXVII (4% tax burden); CLXXXV (4% tax burden); and CCXX ("a" - 95,042% of the tax amount if the rate is 12%, or 96,5% in other cases; "b" - 79,42% of the tax amount if the rate is 17%; 70,84% if the rate is 12%; and 50% if the rate is 7%)

- › Up to 90% reduction in the acquisition cost of land in industrial districts for company establishment under PROEDI



Subsidized credit:

- › Credit lines with reduced interest rates, in partnership with institutions such as Badesul and BRDE.



Eligible applicants

- › Companies in the semiconductor value chain
- › Startups and innovation centers focused on microelectronics

Requirements

- › Project aligned with stages of the production chain
- › Establishment or expansion in Rio Grande do Sul
- › Compliance with state decree eligibility criteria
- › Submission of a technical and economic project and fulfillment of counterpart obligations, such as the creation of qualified jobs, local workforce training, or minimum R&D investment levels.

H2V-RS PROGRAM - DEVELOPMENT OF THE GREEN HYDROGEN **VALUE CHAIN** IN RIO GRANDE DO SUL



What is it

H2V-RS is the state program to promote the green hydrogen value chain in Rio Grande do Sul.

Structured by the State Government, the program integrates tax incentives, financial support instruments, innovation stimulus, and institutional cooperation to consolidate Rio Grande do Sul as a reference in a low-carbon economy.



Purpose

- To enable the production, transmission, storage, and use of green hydrogen in the State.
- To support the energy transition and the diversification of the energy matrix through renewable sources.
- To attract investments and foster the domestic and international market for H2V.



Benefits

- › **Tax incentives** through the **FUNDOPEM/RS**, **INTEGRAR/RS**, and **PROEDI** programs.
- › **Specific credit lines** through partner financial institutions.
- › **Preferential treatment in environmental licensing.**
- › **Professional qualification calls** aligned with the H2V value chain.
- › **Innovation incentives**, including economic grants, financing, and equity participation.
- › **Public-private partnerships and international cooperation.**
- › **Technical and financial support** through financial institutions, development agencies and guarantee funds.

Eligible applicants

Companies, startups, research centers, investors, and other stakeholders interested in operating at any stage of the green hydrogen value chain in Rio Grande do Sul — from renewable energy generation to industrial, logistics, or energy applications.

Requirements

- › To develop projects aligned with the green hydrogen value chain.
- › Compliance with the criteria established under associated programs (FUNDOPEM/RS, INTEGRAR/RS, PROEDI, etc.).
- › Compliance with applicable environmental legislation.
- › Compliance with sustainability (ESG) and technological innovation guidelines.
- › Compliance with the calls for proposals or access procedures in accordance with specific regulations.

AGREGAR CARNES (Meat Value Addition Program) – INCENTIVE PROGRAM FOR SLAUGHTERING AND INDUSTRIAL PROCESSING

Visit the website to learn more:

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A program aimed at **strengthening the state's meat value chain** by expanding slaughtering and industrial processing capacity through **tax incentives and targeted financing**. **Secretariat of Agriculture, Livestock, Sustainable Production and Irrigation – SEAPI**

What is it

A set of incentives including presumed ICMS tax credits and access to public financing for investments in slaughterhouses, meatpacking plants, and meat processing facilities.



Purpose

- › To reduce informal slaughtering
- › To promote value addition in Rio Grande do Sul
- › To raise sanitary and technological standards in the sector



Benefits

Visit the website to learn more:

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➤ Presumed tax credit of 3.6%:

- Applied to the invoice for the acquisition of cattle from rural producers established in Rio Grande do Sul.

This corresponds to a 3.6% presumed ICMS tax credit on inputs arising from the purchase of cattle (beef cattle, sheep, or buffalo) raised in the State (Article 32, XI, item “a”). The transaction is carried out under ICMS deferral.

➤ Additional presumed tax credit on domestic sales

4%

on packaged meat cuts derived from the slaughter of cattle, sheep, and buffalo.



3%

for non-packaged meat products in cuts.

Eligible applicants

- Slaughterhouses and meatpacking industries
- Agro-industrial cooperatives Meat processing units
- Slaughterhouses and meat processing facilities handling cattle, buffalo, or sheep.

Requirements

- Environmental licensing
- Tax compliance
- Commitment to sanitary and productivity standards
- Participation in the State Program for the Development, Coordination, and Quality of the Agroindustrial System for Beef Cattle, Sheep, and Buffalo Meat (AGREGAR-RS CARNES), established under Decree No. 41.620 of May 20, 2002.

Access channel for questions from those interested in joining the Agregar RS Carnes Program:

E-mail: agregar-carnes@agricultura.rs.gov.br

THE FUTURE IS INVESTING
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II - FEDERAL INCENTIVES

The **Brazilian Federal Government** offers a range of mechanisms to stimulate production, innovation, exports, and regional development. These programs include **tax incentives, special tax regimes, and financing lines with attractive interest rates** for companies of different sizes and sectors. Below are the main federal incentives relevant to **enterprises** seeking to **establish or expand operations** in Rio Grande do Sul.

LEI DO BEM

(Law No. 11.196/2005)



An instrument that allows **tax deductions** for companies investing in research and development (**R&D**) of technological innovation, without requiring prior approval.

Purpose

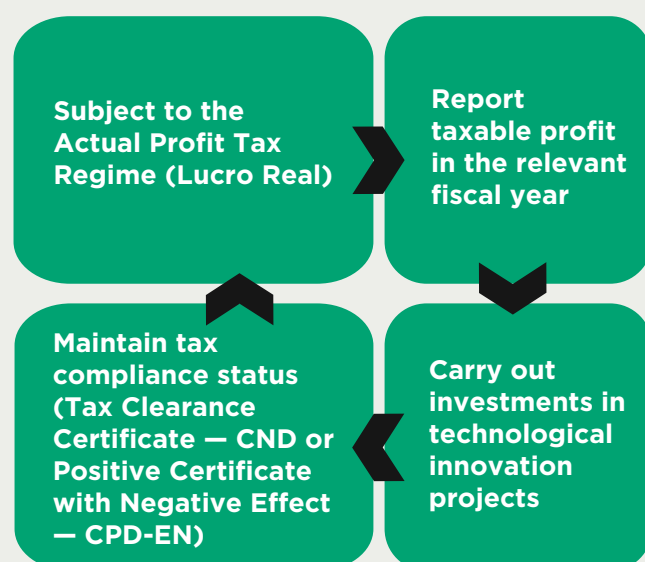
- To reduce costs and increase the profitability of innovative companies;
- To encourage continuous and structured innovation;
- To increase competitiveness in the national and international market;
- To share technological risks with the State.

Benefits

- › Tax deduction of up to 34% from Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) on expenditures related to Research, Development, and Innovation (R&D&I);
- › 50% reduction in the Tax on Industrialized Products (IPI) on the acquisition of machinery and equipment intended for innovation activities;
- › Accelerated depreciation and amortization of assets used in R&D&I;
- › Exemption from Withholding Income Tax (IRRF) on remittances abroad for the registration and maintenance of patents, trademarks, and plant varieties.

Eligible applicants

Companies that simultaneously meet the following criteria:



There are no restrictions regarding the sector or location of the company.



PADIS - PROGRAM TO SUPPORT THE **TECHNOLOGICAL DEVELOPMENT** OF THE **SEMICONDUCTOR** INDUSTRY

Established under Law No. 11.484/2007, PADIS provides **federal tax incentives** for companies investing in the production of **semiconductors, displays, and photovoltaic panels** in Brazil. The program is coordinated by the Ministry of Science, Technology and Innovation (MCTI).

What is it

A set of **tax incentives** for companies engaged in research, development, and domestic manufacturing projects involving semiconductors and similar devices.

Purpose

- › To foster the domestic microelectronics industry
- › To encourage local production and innovation
- › To reduce dependence on strategic imports

Benefits

Tax exemption:

- › Exemption from IPI, PIS/Pasep, COFINS, and Import Tax on inputs and raw materials.



Reduction to zero:

- › PIS/Pasep-Importation and COFINS-Importation on equipment and components.



Tax suspension:

- › On the acquisition of goods and services intended for Research, Development, and Innovation (R&D&I).



Eligible applicants

► Brazilian companies operating exclusively in:

1

Design, development, and engineering of semiconductors and displays

2

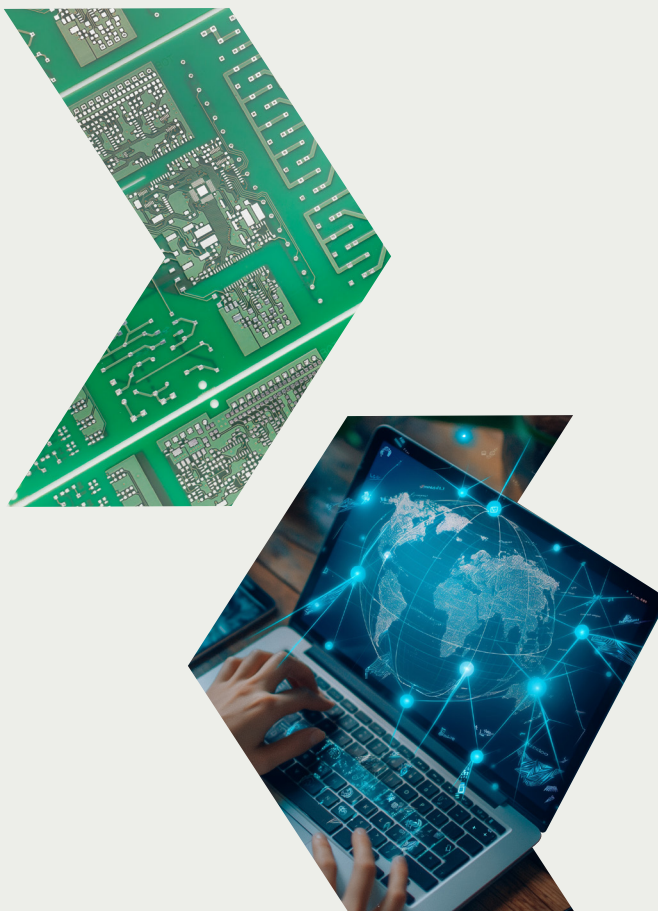
Manufacturing processes, including diffusion, wafer dicing, packaging, and testing

3

Production of multi-chip integrated circuits (MCOs)

4

Manufacturing of displays and photovoltaic cells



Essential requirement:

Carry out consistent investments in Research, Development, and Innovation (R&D&I) in Brazil.

Requirements

- Approved investment project
- Compliance with localization targets
- Minimum allocation of resources to R&D activities



MOVER – GREEN MOBILITY AND INNOVATION PROGRAM



Program established by Provisional Measure No. 1.205/2023, which replaces the former Rota 2030. Aims to **promote sustainable vehicles and encourage innovation and decarbonization** in the Brazilian automotive industry. The program is coordinated by the Ministry of Development, Industry, Trade and Services (MDIC).

What is it

It grants **financial credits** to companies that invest in the research, development, and production of vehicles with **lower environmental impact**.



Purpose

- › To encourage the transition to low-emission vehicles
- › To strengthen the automotive value chain
- › To support innovation in mobility and energy efficiency

Benefits

- › Financial credits linked to investments in R&D
- › Tax reductions on sustainable vehicles
- › Support for biofuels, electrification, and new mobility solutions

Eligible applicants

- › Vehicle manufacturers and automotive system suppliers
- › Suppliers and technology centers in the sector

Requirements

- › Minimum investment in R&D in accordance with applicable regulations
- › Compliance with environmental targets
- › Submission of a technological development plan



ECO INVEST BRASIL - PROGRAM FOR THE PROMOTION OF **ECOLOGICAL TRANSFORMATION**



Established under CMN Resolution No. 5.130/2024, Eco Invest Brasil is an initiative of the Ministry of the Environment and Climate Change (MMA) aimed at **attracting sustainable investments and providing foreign exchange protection**.

The program is coordinated by the Ministry of Environment and Climate Change.

What is it

A public financial framework designed to **support sustainable projects** through hedging instruments and structuring finance, mitigating risks and integrating Brazil into the **global green finance system**.

Purpose

- To attract sustainable foreign capital
- To mitigate foreign exchange risks in green projects
- To expand blended finance mechanisms (public-private)
- To foster sustainable infrastructure and ecological innovation



Benefits

- Protection against foreign exchange volatility.
- Favorable conditions for sustainable financing
- Support for project structuring and technical studies
- Strengthening of public-private partnerships

Eligible applicants

- Brazilian companies with sustainable and eligible projects
- International investors focused on low-carbon economy

Requirements

- **Project classified under one of the following categories:** Blended Finance, Foreign Exchange Hedging, Liquidity, or Project Structuring
- Compliance with environmental and regulatory criteria



REIDI - SPECIAL REGIME OF INCENTIVES FOR INFRASTRUCTURE DEVELOPMENT



Established under Law No. 11.488/2007, REIDI **suspends federal taxes** on the acquisition of goods and services used in infrastructure projects approved by the Federal Government.

What is it

A special tax regime that **suspends the levy of PIS/PASEP and COFINS** on the acquisition of goods and services intended for **infrastructure projects** with implementation schedules exceeding three years.

Purpose

- › To encourage investments in logistics, energy, and urban infrastructure.
- › To reduce the implementation cost of large-scale projects
- › To enhance national competitiveness

Benefits

- › Suspension of PIS/PASEP and COFINS
- › Application for projects in transportation, sanitation, energy, telecommunications, among others



Eligible applicants

- › Legal entities qualified under a project approved by the relevant sectoral authority (e.g., the Ministry of Infrastructure - MInfra, the Ministry of Mines and Energy - MME, etc.)

Requirements

- › Project implementation period exceeding 3 years
- › Tax compliance
- › Qualification request approved by the Brazilian Federal Revenue Service



REHIDRO - SPECIAL REGIME OF INCENTIVES FOR IRRIGATION PROJECTS



Established under Law No. 14.273/2021, REHIDRO aims to **expand water infrastructure** in strategic regions through the **suspension of taxes** on goods and services used in **irrigation projects**.

What is it

Suspension of federal taxes on the acquisition of materials and the contracting of services for the implementation and expansion of **irrigation systems** and **water infrastructure**.

Purpose

- › To encourage efficient irrigation
- › To support agriculture, livestock production, and water security
- › To promote sustainable technologies in the agricultural sector

Benefits

- › Suspension of PIS/PASEP and COFINS
- › Incentive for the modernization and expansion of irrigation systems

Eligible applicants

- › Companies and cooperatives in the agricultural sector with approved projects

Requirements

- › Project approved by the competent authority (MIDR).
- › Compliance with environmental obligations.
- › Tax qualification and compliance status



SPECIAL INCENTIVE REGIME FOR RECYCLING

Established under Law No. 14.260/2021, REPENSA **encourages investments** in the **recycling** and **reverse logistics** sector through federal tax incentives.

What is it

Established in December 2021, the Recycling Incentive Law (LIR) grants **tax incentives (income tax deductions) for recycling and circular economy projects**. Regulated by Decree No. 12.106/2024 and GM/MMA Ordinance No. 1.250/2024.

Purpose

- To promote the recycling value chain, from collection to reuse.
- To foster the circular economy and waste reduction.
- To support waste pickers, cooperatives, and small businesses in the sector.

Benefits

- **Tax incentive:** Deduction of up to 6% from Income Tax (for individuals) and 1% (for legal entities under the Actual Profit Tax Regime).
- **Capacity building and development support:** Technical and financial support, access to incubators, commercialization networks, research, and infrastructure.

Eligible applicants

- **Sponsors:** Individuals and legal entities under the Actual Profit Tax Regime that support projects through tax incentives
- **Project proponents:**
 - Cooperatives and associations of waste pickers.
 - Microenterprises, small businesses, and industrial companies.
 - Educational institutions, research institutions, and civil society organizations (CSOs).
 - Public agencies, intermunicipal consortia, autonomous public entities, and foundations (via Transferegov/SINIR).

Requirements

- The project must comply with the provisions of the law.
- Proposals must be submitted by October 31, 2025 via Transferegov.
- Compliance with the provisions of GM/MMA Ordinance No. 1.250/2024, including accountability and reporting requirements.
- Project implementation may only begin after the minimum funding threshold has been secured.



RECAP - SPECIAL REGIME FOR THE ACQUISITION OF CAPITAL GOODS FOR EXPORTERS

Established under Law No. 11.196/2005, **RECAP exempts exporting companies from the payment of PIS and COFINS** on the acquisition of new capital goods, such as **machinery and equipment**.

What is it

A tax regime that relieves the tax burden on the acquisition of capital goods directly used in the production of goods and services intended for export.

Purpose

- › To encourage the export of Brazilian products
- › To reduce investment costs in machinery and equipment
- › To promote productive modernization

Benefits

- › Exemption from PIS/PASEP and COFINS on the purchase of capital goods
- › Applicable to both imports and domestic acquisitions

Eligible applicants

- › Companies with gross export revenue equal to or greater than 50% of total revenue

Requirements

- › Proof of export capacity
- › Registration of assets in the company's fixed assets
- › Tax compliance status

REIQ - SPECIAL REGIME FOR THE CHEMICAL INDUSTRY

Visit the website to learn more:

ACCESS

Established under specific legislation and administered by the Brazilian Federal Revenue Service, REIQ aims to **strengthen the competitiveness of the national chemical industry**, focusing on reducing the tax burden on **petrochemical raw materials**.

What is it

Partial suspension of federal taxes on the **acquisition of petrochemical inputs essential to the chemical industry**.

Purpose

- › To reduce production costs in the chemical sector
- › To encourage new productive investments
- › To strengthen the Brazilian chemical and petrochemical value chain
- › To increase competitiveness in the international market

Benefits

- › Suspension of PIS/PASEP and COFINS on the purchase of naphtha, ethylene, propylene, ammonia, among other inputs;
- › Tax reduction with a direct impact on final production costs;
- › Additional credits for companies expanding installed capacity.

Eligible applicants

- › Petrochemical complexes and chemical industries;
- › Companies that process inputs into fertilizers, plastics, pharmaceuticals, etc.;
- › Establishments in compliance with tax, environmental, and social security regulations.

Requirements

- › Commitment Agreement with the Federal Revenue Service
- › Verified Emissions Reduction Certificate (VER Certificate)
- › Compliance with safety standards and environmental compensation requirements



RETID - SPECIAL REGIME FOR THE DEFENSE INDUSTRY

Visit the website to learn more:

ACCESS

Established under Law No. 12.598/2012 and regulated by Decree No. 8.122/2013, RETID **aims to strengthen Brazil's Defense Industrial Base (DIB)** through strategic tax incentives.

What is it

Suspension of federal taxes for **companies in the national defense sector**, applicable to the production, commercialization, and investment in strategic goods and services.

Purpose

- › To reduce costs for companies in the defense sector
- › To encourage innovation and domestic manufacturing of strategic products
- › To strengthen national sovereignty and security

Benefits

- › Suspension of IPI, PIS/PASEP, and COFINS (including imports)
- › Tax exemption on strategic assets and inputs

Important: Benefits will be applied until March 22, 2032

Eligible applicants

- › Strategic Defense Companies (EED) duly accredited
- › Manufacturers and suppliers of defense goods, services, and components

Requirements

- › Accreditation with the Ministry of Defense
- › Qualification with the Federal Revenue Service via the e-CAC system
- › Tax compliance and enrollment in the Electronic Taxpayer Portal (Domicílio Tributário Eletrônico - DTE)

REPOR - TAX REGIME FOR PORT AND RAILWAY INFRASTRUCTURE



Established under Law No. 11.033/2004, REPOR is aimed at **modernizing Brazil's logistics infrastructure**, with a focus on **equipment for ports and railways**.

What is it

Suspension of federal taxes on the importation of equipment intended for the fixed assets of companies in the **port and railway sectors**.

Purpose

- › To reduce costs in the acquisition of logistics equipment
- › To encourage investment in infrastructure
- › To improve operational efficiency in freight transportation

Benefits

- › Suspension of IPI, II, PIS/PASEP-Importation and COFINS-Importation
- › Direct incentive for investment in capital goods
- › Benefits applicable exclusively to assets used in infrastructure projects

Eligible applicants

- › Port operators, lessees, and railway concessionaires
- › Dredging and logistics companies in good tax standing

Requirements

- › Qualification with the Brazilian Federal Revenue Service (RFB Instruction No. 1.370/2013)
- › Proof of allocation of assets to fixed assets
- › Compliance with the legal requirements of the sector



RENOVABIO - NATIONAL BIOFUELS POLICY



What is it

Brazil's main public policy for promoting biofuels and decarbonizing the energy matrix, through the issuance and trading of Decarbonization Credits (CBIOs). It encourages **sustainable practices** and strengthens **national energy security**. Established by Law No. 13.576/2017.

Purpose

- › To encourage sustainability and energy innovation;
- › to generate additional revenue for certified producers;
- › to support Brazil's climate commitments (Paris Agreement);
- › To strengthen the national biofuels sector.

Benefits

1. For producers and importers:

- › Generation of CBIOs (revenue per ton of CO₂ avoided);
- › Valuation of sustainable production;
- › Participation in a regulated and growing market.

2. For distributors:

- › Compliance with mandatory decarbonization targets;
- › Active participation in the energy transition.



Eligible applicants

- › **Producers/importers** of biofuels with sustainable practices and certification;
- › **Fuel distributors**, legally required to purchase CBIOs annually in accordance with targets set by the National Agency of Petroleum, Natural Gas and Biofuels (ANP).



PLANO NOVA INDÚSTRIA BRASIL (New Industry Brazil Plan) (2024-2026)



The New Industry Brazil Plan (Plano Nova Indústria Brasil), launched in 2024 by the Federal Government, organizes **industrial policy instruments** into **six strategic missions** and provides more than BRL 300 billion in credit and incentives.

What is it

A national industrial policy strategy that integrates **tax incentives, public credit, and targeted investments** in **innovation, sustainability, and reindustrialization**.

BRAZIL WITH SUSTAINABILITY

Purpose

- To reindustrialize Brazil in a sustainable manner
- To foster complex value chains and innovation
- To expand exports and productive inclusion

Main mechanisms

- Interest rate equalization through economic subsidies
- Special credit lines via BNDES, Finep, and Embrapii
- Guarantee funds for credit access for micro and small enterprises (MSEs)

Priority sectors

- Health economic-industrial complex
- Defense, sustainable agriculture, decarbonization, digital transformation, urban infrastructure

Requirements

- Projects aligned with the six missions of the plan
- Submission through calls for proposals or specific credit lines
- Requirement of private investment counterpart funding



THE FUTURE IS INVESTING
IN RIO GRANDE DO SUL



III - FINANCING: BANKS AND DEVELOPMENT AGENCIES

Access to credit is essential for enabling productive investments. Rio Grande do Sul has **several public and development institutions** that offer **attractive financing lines** for companies of all sizes. Conditions vary depending on the **project profile**, the **economic sector**, and the **level of innovation** or regional impact.



BELOW, WE HIGHLIGHT
THE **MAIN AGENTS**
AND PROGRAMS:

BRDE - REGIONAL DEVELOPMENT BANK OF THE FAR SOUTH

Visit the website to learn more:

[ACCESS](#)



A **benchmark institution for long-term investment financing**, capable of turning projects into reality. It is a public development financial institution, jointly **controlled by the three southern Brazilian states**, operating through financing from international multilateral banks, as well as capital markets and its own resources.

It is the largest development bank in southern Brazil, with a credit portfolio exceeding BRL 22.6 billion, more than 42,000 active clients, and a presence in 96.4% of the region's municipalities.

What is it

A regional development bank that finances investment projects focused on innovation, sustainability, agribusiness, clean energy, and infrastructure.

Key programs include:

- **Mais Inovação é BRDE (More Innovation is BRDE):**
innovation and digital transformation
- **Mais Sustentabilidade é BRDE (More Sustainability is BRDE):**
green economy and clean energy
- **Município Forte é BRDE (A Strong Municipality is BRDE):**
public projects
- **Meu Agro é BRDE (My Agro is BRDE):**
agribusiness, low-carbon agriculture and production chains

Benefits

- Long grace periods and amortization schedules
- Competitive interest rates
- Technical support in project structuring



BADESUL DESENVOLVIMENTO S.A. DEVELOPMENT AGENCY OF RIO GRANDE DO SUL



Badesul, a development agency linked to the State Secretariat of Economic Development, aims to **promote economic and social development in Rio Grande do Sul** by offering a **set of long-term financial solutions** for projects in the public sector, private companies, rural producers, innovation, and sustainability.

It serves micro, small, medium, and large enterprises, as well as strategic public and private projects.

What is it

A state financial institution that provides credit for **investments in infrastructure, modernization, innovation, sustainability, and industrial expansion.**



Strategic Guiding Principle

Purpose:

To be the driving force that propels Rio Grande do Sul forward, promoting sustainable development and turning aspirations into reality.

Mission:

To drive the development of the economy of Rio Grande do Sul in a sustainable and innovative manner.

Vision:

To be recognized by the society of Rio Grande do Sul as an essential development agency for sustainable and innovative development by 2028.

Values:

1. Commitment to the sustainable development of Rio Grande do Sul, aligned with the Sustainable Development Goals (SDGs).
2. Creating value for clients while maintaining the financial viability of the agency.
3. Transparency, ethics, and quality in internal and external relationships.
4. Commitment to quality in customer service.
5. Accountability in the management of public resources.
6. Valuing employees.
7. Proactive and innovative attitude.
8. Technical excellence.

Areas of operation

- › Innovation and energy transition
- › Industry, commerce, and services
- › Municipalities and the public sector
- › Agriculture and cooperatives

Benefits

- › Competitive interest rates and extended repayment terms
- › Regionalized customer service

FUNDO CLIMA (CLIMATE FUND) - FINANCING FOR LOW-CARBON PROJECTS



Established under Law No. 12.114/2009 and regulated by Decree No. 9.578/2018, the Climate Fund (Fundo Clima) is a financial mechanism designed to **support Brazil's ecological transition.**

What is it

A financing instrument for projects that promote **emissions mitigation** and **adaptation to the impacts of climate change.**

Purpose

- › To support resilient and clean infrastructure
- › To encourage innovation in renewable energy, mobility, and waste management
- › To promote social inclusion and green jobs
- › To enable projects with climate justice and sustainable impact

Benefits

- › Interest rates below market average
- › Long-term financing for priority projects
- › Support for green research, development, and innovation

Eligible applicants

- › Public and private sector entities with projects aligned with the National Climate Change Policy
- › Institutions that promote sustainable and low-carbon development

Funding request:

- › Refundable funds via BNDES;
- › Non-refundable resources via MMA.
- › Submission of the required documentation, including proof of tax and environmental compliance.



Requirements

- › Project focused on climate change mitigation or adaptation
- › Compliance with technical and socio-environmental criteria
- › Submission in accordance with the operational rules of the Climate Fund (Fundo Clima)

FINEP - FINANCING AGENCY FOR STUDIES AND PROJECTS



What is it

FINEP is a state-owned company linked to the Ministry of Science, Technology and Innovation (MCTI), dedicated to promoting Brazil's economic and social development through the support of Science, Technology, and Innovation (ST&I). It operates across the entire innovation chain, from basic research to the development of products and processes, using both financial and non-financial instruments.

Benefits

- › Access to reimbursable and non-reimbursable
- › funding Support for all stages of the innovation cycle (from basic research to market application)
- › Incentives for the development of technology parks and incubators
- › Attractive financing conditions (rates, terms, and competitive funding percentages)
- › Support for initiatives with high socioeconomic impact

Eligible applicants

- › Companies of all sizes focused on innovation
- › Universities and Scientific and Technological Institutions (STIs)
- › Incubators, technology parks, and public or private research centers

Requirements

- › Project focused on research, development or technological innovation
- › Compliance with the specific operational conditions of the financing line or public call
- › Tax and registration compliance status
- › Technical and operational capacity to execute the project



BANRISUL - BANK OF THE STATE OF RIO GRANDE DO SUL



Banrisul is a **multiple-purpose bank with a strong presence in Rio Grande do Sul**, supporting regional development through credit and incentive programs for companies, as well as financial solutions for individuals.



Main incentive lines

- › Banrisul Corporate Credit: working capital, equipment acquisition, foreign exchange lines, and business expansion financing.
- › Sectoral Programs: credit lines with funding from BNDES and Finep, aimed at strategic sectors.
- › Incentives for Innovation and Sustainability: financing for technological modernization projects and renewable energy initiatives.



BNDES - NATIONAL BANK FOR ECONOMIC AND SOCIAL DEVELOPMENT



BNDS is the main development bank in the country, offering financing lines for large-scale investments, innovation, exports, infrastructure, MSMEs, and social impact projects.

What is it

A federal bank offering a broad range of financial products to promote Brazil's sustainable economic development.

Main lines

- › BNDES Finem: large projects (starting from BRL 20 million)
- › BNDES Automático: through on-lending agents (such as BRDE, BADESUL)
- › BNDES Crédito Pequenas Empresas (Credit for Small Businesses)
- › BNDES Fundo Clima e Fundo Amazônia (Climate Fund and Amazon Fund) (in partnerships)

Benefits

- › Long-term rates (TLP)
- › Support for sustainability and exports
- › Credit, guarantee, and equity participation instruments





INVEST RS CONTACT AND SUPPORT

Invest RS is available to provide full support to investors at all stages of project submission and in liaising with state and federal authorities, as well as in addressing any needs that may arise throughout the process.

GSIE - Investor and Exporter Services Management

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 **invest.RS**

