

Brazil unveils tax incentives to boost tech innovation

September 18 2012

President Dilma Rousseff has approved new tax incentives to boost innovation in the information technology and telecommunications sectors, the official agencia Brasil reported Tuesday.

The measures, published in the Official Gazette, are part of the government's Brasil Maior ("Bigger Brazil") plan unveiled in August 2011 to strengthen the productivity and competitiveness of Brazilian industries.

The plan provides incentives, financing and tax relief for domestic sectors, including information and communication technology, affected by the appreciation of its currency and international competition.

Brasil Maior notably cuts corporate payroll contributions to Social Security from 20 percent to zero through December 2012 for companies in labor-intensive sectors.

The firms are instead required to pay a [tax](#) of 1.5 percent or higher on gross revenues, with the rate varying by sector.

[Brazil](#) is currently the world's fifth largest market for information technology and communications (ITC), and hopes to vault into third place by 2022.

In August, the science and technology ministry announced a \$250 million program to bolster the software and [information technology](#)

sectors.

The funds are to be invested until 2015 in areas such as economic and social development, innovation and competitiveness through support for youth training, state purchases from companies developing software domestically and links with world research centers.

On Monday, [financial markets](#) for a seventh consecutive time cut this year's growth forecast for the Brazilian economy, which now is at 1.57 percent.

Last week, the government revised downward its own projection for 2012 from three to two percent.

(c) 2012 AFP

Citation: Brazil unveils tax incentives to boost tech innovation (2012, September 18) retrieved 25 April 2024 from <https://phys.org/news/2012-09-brazil-unveils-tax-incentives-boost.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--