

Tax Intelligence Strategy

From complexity to execution



REDATA: Special Regime for Data Centers in Brazil

Law No. 15,504/2026

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On September 15th, 2026, Law No.15,504/2026, conversion of Bill No. 278/2026 (initially addressed in Tax Intelligence Strategy No. 08), was published, establishing the Special Regime for Data Center Services (REDATA) aimed at attracting investments in data center infrastructure throughout Brazil.

As previously reported in Tax Intelligence Strategy No. 6, REDATA was originally introduced by Provisional Measure (MP) No. 1,318/2025. However, the regime remained in effect only for a limited period, as the MP expired before being converted into law. The approved Bill has reinstated the program, largely preserving the original provisions of the MP. The tax incentives include the suspension of federal taxes levied on the purchase and importation of information/communication technology equipment as well as zero rate conditioned to sustainability requirements.

Eligibility

- Legal entities implementing a project to install or expand datacenter services in Brazil may apply for REDATA qualification.
- Suppliers that have contractual ties with a qualified datacenter operator may obtain co-qualification.
- The regime covers data center services, which are those provided through infrastructure and computational resources dedicated to the storage, processing, and management of data and digital applications, including cloud computing, high-performance computing, the training and inference of artificial intelligence models, and related services, **to be defined by an act of the Federal Executive Branch**, in accordance with the Brazilian Classification of Services, Intangibles, and Other Transactions that Produce Changes in Equity (NBS).
- To benefit from the regime, the interested legal entity must apply for qualification or co-qualification to be granted by the Special Secretariat of the Federal Revenue Service of Brazil (RFB), **pursuant to regulation (yet to be enacted)**.

Tax incentives

REDATA suspends the payment of the following taxes on the domestic sale and importation of electronic components and other ICT products destined for the qualified company's fixed assets:

- PIS and COFINS on revenue from domestic sales;
- PIS-Import and COFINS-Import on the importation of foreign goods or services;
- IPI (Federal Excise Tax) on imports or shipments from industrial establishments (IPI suspension does not apply to ICT products produced in Manaus Free Trade Zone – ZFM); and
- Import Duty-II (II suspension applies only to electronic components and ICT products with no equivalent national substitute, as designated by the Federal Executive).

Federal taxes covered by ReData: PIS, COFINS, IPI, and Import Tax

Incentive: suspension of taxes on the purchase and importation of equipment intended for data centers

Possibility of conversion to a zero rate if specific requirements are met



Conditions for conversion to zero rate

Subsequent conversion to a zero rate is conditioned on compliance with certain commitments related to sustainability, investment in research and development, and a minimum level of supply to the domestic market.

Among the main requirements for eligibility under the referred tax regime are:

- **Domestic supply***: make at least 10% of the processing, storage, and data-handling capacity installed under REDATA available to the domestic market;
- **Renewable energy**: exclusive use of energy from clean or renewable sources;
- **Water efficiency**: maintenance of high standards of water and energy efficiency; and
- **Investment in R&D**: invest 2% of the value of goods acquired domestically or imported under REDATA benefits in research, development, and innovation projects.

***Important:** the 10% domestic supply commitment may be substituted by an additional R&D investment of 10% of the value of goods acquired or imported under REDATA, directed at priority digital economy programs. This option provides flexibility **for export-oriented** datacenter operators.



Mandatory R&D Investment

The mandatory R&D investment must be made in partnership with Brazilian institutions, including:

- Scientific, Technological, and Innovation Institutions (ICTs);
- Officially recognized Brazilian educational institutions;
- Government-owned companies maintaining venture investment funds for technology-based enterprises; and
- Social organizations or autonomous social services that promote applied research, development, and innovation.



Non-Compliance and Penalties

- Qualified companies that fail to meet the sustainability, energy, water efficiency, or R&D commitments within the regulatory deadline must repay all suspended taxes with interest and late-payment penalties, calculated from the original triggering event dates.
- Failure to meet the domestic supply obligation results in suspension of benefits on new acquisitions. If the violation is not remedied within 180 days, the suspension is automatically converted into cancellation of the REDATA qualification, and the company (and its economic group) may only reapply after a 2-year waiting period.



Other provisions

- The incentives and benefits under REDATA have a 5-year term.
- Applicants must be in good standing with federal tax obligations and must not have any entries in the CADIN registry (Brazil's federal database of unresolved public-sector debts).
- Companies establishing datacenter facilities in the North, Northeast, or Central-West regions (including areas covered by regional development agencies) benefit from a 20% reduction in the domestic supply and R&D investment commitments.
- **The specific benefits related to PIS/COFINS, PIS/COFINS-import, IPI, will remain in effect until December 31, 2026, due to Brazil's VAT Reform, except for products whose manufacturing activities in the Manaus Free Trade Zone (ZFM) remain eligible for IPI tax incentives under the Reform.**



Takeaways

- The growing digitalization of the global economy, driven by the expansion of artificial intelligence, cloud computing, and virtual reality, has generated unprecedented demand for data processing and storage infrastructure. In this context, Brazil stands out as one of the most promising candidates to establish itself as a global data center hub.
- To make this ambition viable in a short term, REDATA grants a five-year suspension of certain federal taxes on the acquisition of electronic components and information technology equipment destined for data centers, which according to the rapporteur in the Federal Senate can **reduce the initial investment in projects by up to 30%**, making the country significantly more competitive in the global race for this critical infrastructure.
- **Now is the time to focus on the details of REDATA and assess how its provisions can be effectively leveraged.** The current scenario demands a strategic approach, as Brazil's tax framework continues to evolve, and the country is increasingly positioning itself as an attractive destination for data center investments, supported by a policy environment that is becoming more robust and investment-friendly.
- The richest window to take advantage of a wider tax benefit is before the VAT reform bites at the end of 2026. Once PIS and COFINS are replaced by the CBS, as of January 2027, the practical benefit narrows largely to the Import Tax, since the CBS is not covered by the law.
- Companies already operating under ZPE or REIDI are unlikely to restructure solely because of REDATA. A more likely scenario is combining existing incentives with REDATA benefits, subject to regulatory confirmation.
- REDATA represents a positive structural shift for the sector, strengthening the investment case for digital infrastructure projects. However, investors are likely to await further regulation, particularly regarding energy eligibility criteria, qualification procedures, and the list of approved equipment. Until greater regulatory clarity is achieved, project planning and structuring should continue while preserving flexibility to accommodate future adjustments.



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