

MEMORANDUM TO CLIENTS

LIFE SCIENCES AND HEALTHCARE

January 18, 2016

New Science, Technology and
Innovation Act

This past Monday, the President signed Law No. 13,243/16 known as the New Science, Technology and Innovation Act ("Act"). The Act amends the Innovation Act of 2004 (Law N° 10,973/2004) and regulates incentives for scientific development, research, technological capacitation and innovation.

The Act seeks to foster public-private partnerships in technology-related areas to encourage and facilitate scientific development in Brazil.

The Ministry of Science, Technology and Innovation and the National Council for Scientific and Technologic Development also released, together with the approval of the Act, the Bid Notice to allocate public funds for scientific and technologic research projects for the next two years ("Chamada Universal CNPq/MCTI N° 1/2016").

Highlights of the Act

In addition to updating certain aspects of the Innovation Act of 2004, the Act introduces changes that will foster research and technological development ("R&D") in Brazil involving, in particular, public-private partnerships. Among the novelties of the Act, we highlight the following:

- i. The role of the federal, state and municipal governments in the R&D sector was broadened to include the possibility of their participation in international technological research, initiatives to innovate technology including technology environments, incubators and technological complexes;

- ii. Public bids or public tenders are no longer required for technology transfers to develop technology executed between the Scientific, Technology and Innovation Institutes and private companies and for the acquisition of a product or contracting with suppliers of a product for research and development; these products are defined in the Act as all goods, supplies, services and works required for undertaking scientific and technological research, technology development or technological innovation, which are listed in the research project approved by the hiring institution;
- iii. The possibility of using the Differentiated Public Contracting Regime to undertake activities in organizations and entities dedicated to science, technology and innovation;
- iv. Permission for public researchers hired under the exclusive dedication regime to carry out paid research, development and innovation with Scientific, Technology and Innovation Institutes or with private companies.

Finally, the Act also amended Law No 8,032/90 and establishes tax exemptions and reductions for the importation of supplies to be used by Scientific, Technology and Innovation Institutes and companies to undertake research projects.

Vetoos

Notwithstanding the above, the President vetoed two topics initially approved by Congress: (i) the exemption from the requirement to pay social security in respect of research grants; and (ii) the waiver of the need for public bid proceedings to contract companies, whose turnover is less than R\$ 90 million reais, for the provision of services or goods involving the application of scientific and technological knowledge.

The New Science, Technology and Innovation Act came into force on January 11, 2016.

The official text of the Law, in Portuguese, can be accessed by clicking [here](#).

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The purpose of this memorandum is to inform our clients about important changes and developments in the area of law. We remain at the reader's disposal for any additional information that may be desired regarding the subject matter herein.

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