

Brazil's Federal Government has introduced the Special Tax Regime for Data Center Services (REDATA) through **Provisional Measure (MP) No. 1,318**, published on September 18, 2025. The initiative represents a significant step toward **positioning the country as a digital infrastructure hub**. The stated objective is to reduce tax-related barriers that increase the cost of installing and operating these highly complex facilities.

The MP inserts REDATA into Law No. 11,196/2005, which already provides for incentives aimed at the technology sector, such as the Special Taxation Regime for the Export Platform of Information Technology Services (REPES).

**Eligible companies**

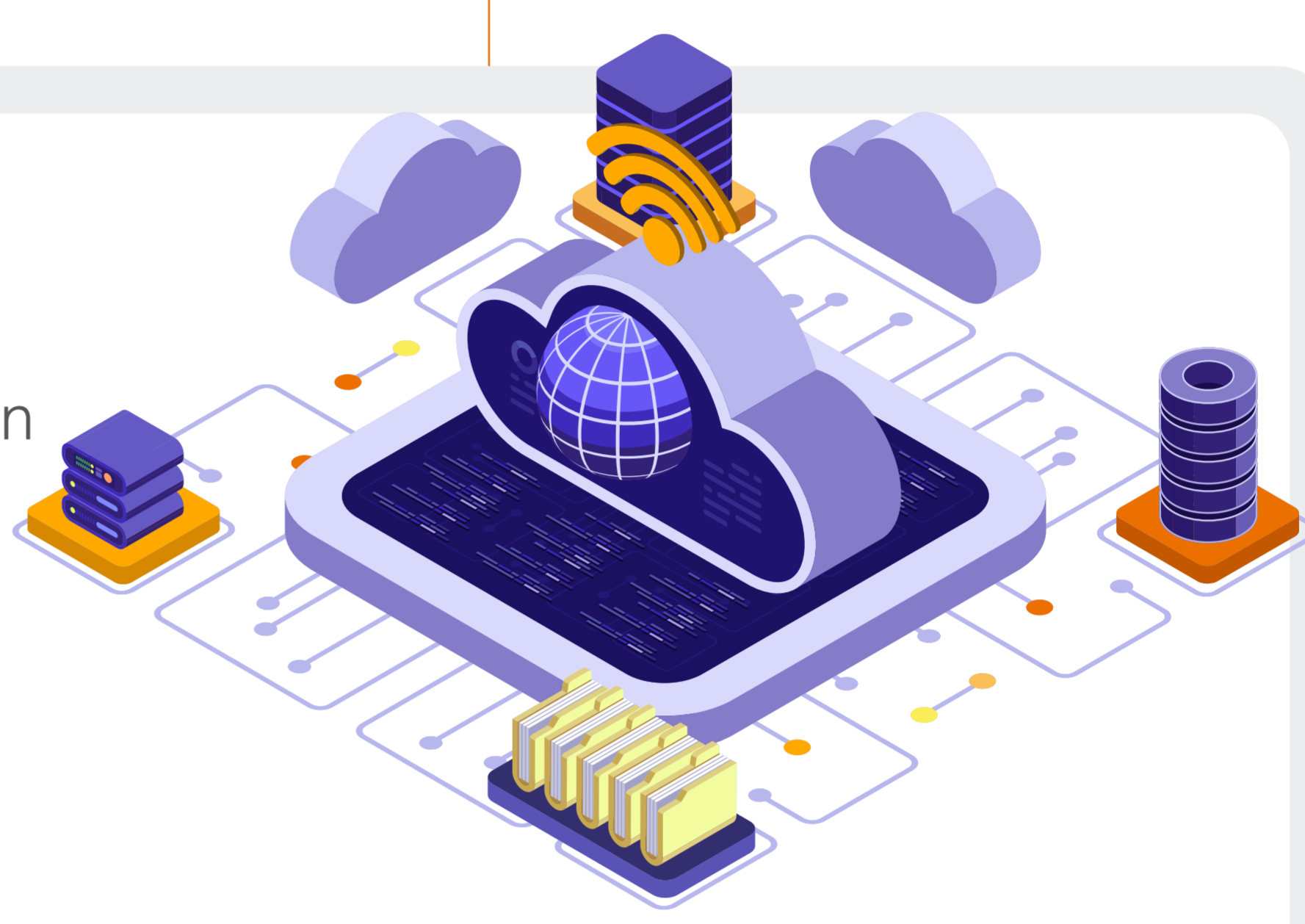
Entities that implement projects to install or expand data centers in Brazil may qualify for REDATA. Data center services are defined as those involving infrastructure and computing resources dedicated to the storage, processing, and management of data and digital applications, including cloud computing, high-performance computing, and artificial intelligence. These services will be further detailed by an act of the Federal Executive Branch, in accordance with the Brazilian Service Nomenclature – NBS (Section 11-A, paragraph 1).

The regime also allows for the co-qualification of domestic suppliers that manufacture, either independently or on demand, technology goods intended for companies qualified under REDATA (Section 11-A, paragraph 2). Once the contractual relationship is terminated, the co-qualification status is automatically revoked.

Qualification and co-qualification will be granted by the Special Secretariat of the Brazilian IRS and are subject, in addition to the specific obligations mentioned below, to the legal entity's compliance with federal tax obligations and the absence of registration in the Cadin (the registry of overdue federal debts). Detailed conditions will be further regulated by the Federal Executive Branch (Section 1, sole paragraph).

**Tax incentives**

Starting January 1, 2026, the following taxes will be suspended on the domestic acquisition and importation of information and communication technology products and electronic components intended for the fixed assets of companies qualified under the REDATA regime (Section 11-C):



**Suspended Taxes – Capex**

Domestic acquisitions	Imports
<ul style="list-style-type: none"> <li>• PIS/COFINS</li> <li>• IPI</li> </ul>	<ul style="list-style-type: none"> <li>• Import Tax (II)</li> <li>• PIS/COFINS-Imports</li> <li>• IPI</li> </ul>

Suspensions apply only to products listed in an act issued by the Federal Executive Branch. For co-qualified companies, benefits are limited to goods used in the manufacturing of information and communication technology (ICT) products that will be incorporated into the fixed assets of companies qualified under REDATA.

Specific restrictions apply: the suspension of the IPI (Tax on Industrialized Products) does not cover electronic components and ICT products manufactured in the Manaus Free Trade Zone (ZFM), and the suspension of the Import Tax (II) is limited to goods without a domestic equivalent or, in the case of those produced in the ZFM, only if listed in an act issued by the government.

The suspensions are converted into a zero rate once the goods are incorporated into the fixed assets and the counterpart obligations are met.

**Obligations and environmental commitments**

Qualification under REDATA requires environmental, technological, and capacity-related commitments (Section 11-B):

- At least **10% of the data processing, storage, and management capacity** installed under the regime's benefits must be made available to the domestic market. This portion cannot be allocated for export or internal use if there is no domestic demand. Alternatively, this requirement may be replaced by an additional investment of 10% investment in research and development (R&D).
- Compliance with sustainability standards to be defined in future regulation.
- Supply 100% of energy demand through contracts or self- from clean or renewable energy sources, as established by regulation.
- Presenting a Water Use Efficiency (WUE) index **equal to or less than 0.05 L/kWh**, with annual verification.
- **Investing an amount equivalent to 2% of the value of goods acquired** under REDATA in R&D projects, in partnership with science and technology institutions (ICTs), universities, public companies, or social organizations in Brazil.



For projects located in Brazil's North, Northeast, and Center-West regions, the commitments related to capacity availability and R&D investment are reduced by **20%**.

**Effective date**

Although the provisional measure takes effect on the date of its publication, REDATA tax incentives will only become effective on January 1, 2026.

**The MP establishes that tax incentives under the REDATA regime will be valid for five years.** However, it specifies that the tax benefits related to PIS/Cofins, PIS/Cofins-Import, and IPI will remain in effect only until December 31, 2026.

It is important to note that this timeline aligns with the planned termination of the PIS and Cofins contributions in 2027, as well as the reduction of the IPI rate to zero - except for products whose manufacturing is incentivized within the ZFM, as provided for in Brazil's Tax Reform.

The MP must be converted into law by Brazil's Congress within **120 days**.

**Open issues**

While positive, the MP does not address whether the incentives will remain in effect under the new tax framework introduced by the Tax Reform, which will replace the current taxes. Although the new taxes (CBS and IBS) will be recoverable, their levy could affect project cash flows, particularly during the transition period, which will only conclude in 2033, when ICMS is phased out.

Still, the MP underscores Brazil's intent to position itself as a prime **destination for digital infrastructure investment** in response to the growing global demand for data centers.

For further information on this topic, please contact Mattos Filho's [Tax and Digital Infrastructure practice areas](#).