MATTOS FILHO

Brazil's Congress approves special tax regime for data center services

Bill No. 278/2026 approved in the Senate and now awaits presidential assent

On September 1, 2026, the Brazilian Senate approved **Bill No. 278/2026**, which establishes the Special Tax Regime for Data Center Services (ReData). This initiative reinforces the country's intent to position itself as a competitive destination for investment in digital infrastructure by reducing the federal tax burden on the deployment of data centers.

Legislative process

ReData was originally enacted in 2025 through Provisional Measure No. 1,318 (more information available in our previous **report**). However, it eventually lapsed on February 25, 2026, without being converted into law.

In parallel, the substance of Provisional Measure No. 1,318/2025 was reintroduced via Bill No. 278/2026, which was approved by Brazil's House of Representatives on February 24, 2026, and then by the Senate on September 1, 2026.

As the Senate approved the bill with only amendments to the wording, it will proceed directly to the President's office without the need for further review in the House. The President will then have 15 business days to sign the bill into law or veto its provisions in whole or in part. Any vetoed sections will be submitted for congressional review in a joint session.

Eligible companies

Legal entities involved in implementing projects to install or expand data center services in Brazil will be eligible to enroll in the ReData regime. Under the bill, data center services are defined as services involving infrastructure and computing resources dedicated to storing, processing, and managing data and digital applications, including cloud computing, high-performance computing, artificial intelligence training and inference, and related services. The eligible services will be specified via a federal executive act in accordance with the Brazilian Services Nomenclature System (*Nomenclatura Brasileira de Serviços* – NBS).

The bill's wording leaves open whether the regime extends to operators whose core business consists of providing physical infrastructure (space, power, cooling, and connectivity) for hosting data processing, storage, and management equipment. This definition will ultimately depend on the NBS list that the Executive Branch publishes, which will determine which services are eligible for the regime.

The ReData regime also permits domestic suppliers to co-enroll if they produce technology goods (either at their own initiative or on a made-to-order basis) for companies enrolled in ReData. However, the co-enrollment status ends upon the termination of the contractual relationship.

Enrollment and co-enrollment will be granted by the Special Secretariat of the Brazilian Federal Revenue Service under the Ministry of Finance, and will be conditional upon the legal entity's compliance with respect to federal tax obligations and the absence of any record with the Federal Government Debtors' Registry, in addition to the specific commitments set out below. The detailed conditions will be further regulated by the Executive Branch.

Tax incentives

ReData provides for the suspension of taxes levied on acquisitions and imports of information and communication technology (ICT) products intended for use as fixed assets. For purchases in the domestic market, the suspension covers PIS/COFINS and the Excise Tax on Industrialized Products (IPI). For imports, it covers PIS/COFINS-Import, IPI and, in the case of goods that have no equivalent domestic production, the Import Tax (II).

The IPI suspension does not apply to electronic components and other products manufactured in the Manaus Free Trade Zone (ZFM).

The regime establishes a five-year period during which the incentives may be claimed. However, due to the ongoing transition brought on by Brazil's tax reforms, the PIS/COFINS and IPI benefits will remain in effect only through December 31, 2026.

The regime's tax suspension applies exclusively to products classified under the Common Mercosur Nomenclature (NCM) codes to be listed in an act of the Executive Branch, which has yet to be published.

Suspended taxes will be converted into a zero rate once commitments relating to sustainability, electricity consumption, the Water Usage Effectiveness index, and R&D investment described below have been met and the asset has been incorporated into the fixed assets of the enrolled beneficiary. With respect to co-enrolled entities, the zero rate conversion will occur once the product has been sold and delivered to the enrolled entity.

In the event that such commitments are not met, the enrolled or co-enrolled entity (as applicable) must pay the suspended taxes, plus interest and late-payment penalties, calculated from the date on which the respective taxable events occurred.

ICMS-related benefits do not fall within the scope of ReData. The National Tax Policy Council (Conselho Nacional de Política Fazendária – Confaz) had discussed preparing an agreement (convênio) to reduce ICMS levied on equipment intended for data centers. Although the proposal was placed on the agenda, the agreement was ultimately not approved on the grounds that a measure of this magnitude would need to be nationwide in scope and accompanied by a broader public policy. Accordingly, any ICMS-related initiative remains subject to future deliberations.

Commitments and sustainability requirements

Enrollment in ReData requires certain environmental, technological, and capacity-related commitments:

- Make at least 10% of the effective supply of capacity for data processing, storage, and treatment to be installed using ReData benefits available to the domestic market – in the absence of domestic demand, that capacity may not be allocated to exports or own use. This obligation may be replaced by an additional 10% investment in R&D. According to the bill, this allocation will be measured as the ratio of annual gross revenue generated in the domestic market to total annual gross revenue, in each case derived from the sale of data center services installed using the regime's benefits. Furthermore, the allocation must be demonstrated annually through a consolidated report and conclusive opinion prepared by an independent auditor accredited by the Executive Branch, in accordance with future regulations.

- Comply with the sustainability criteria to be established by regulation.

- Meet the entirety of its electricity demand through supply contracts or self-generation from renewable or low-emission sources, as provided by regulation. Notably, the version of the bill approved in the House of Representatives required demand to be met from '*clean or renewable sources*'. Through a drafting amendment, the Senate replaced this wording with '*renewable or low-emission sources, defined as those with reduced environmental impact and low greenhouse gas emissions, as set forth in regulations*' (freely translated). Although the bill's rapporteur characterized this as a drafting adjustment without substantive change, the revised wording may broaden the range of eligible energy sources and potentially encompass sources such as natural gas, which, although not renewable, could fall within the 'low-emission' concept depending on the implementing regulations.

- Maintain a Water Usage Effectiveness index (WUE) of no more than 0.05 L/kWh, measured annually.

- Invest in Brazil, via R&D projects conducted in partnership with ICTs, universities, state-owned enterprises, or social organizations, an amount equal to 2% of the value of assets acquired using ReData benefits.

For projects located in Brazil's North, Northeast, and Central-West regions, the commitments to allocate effective supply invest in R&D are reduced by 20%.

Failure to allocate 10% of the effective supply to the domestic market will result in the suspension of ReData benefits for new acquisitions, as provided for by regulation. The suspension will automatically be converted into cancellation of the ReData enrollment if the legal entity fails to remedy the breach within 180 days after the suspension notice is issued. The suspension decision may be challenged by an administrative appeal, which will not have suspensive effects. During the suspension period, neither the entity whose enrollment has been suspended nor its economic group will be entitled to ReData benefits. In the event enrollment is canceled, the excluded entity and its economic group may not reapply until two years have elapsed.

Transparency

Bill No. 278/2026 introduces transparency obligations to facilitate public oversight of sustainability commitments.

A legal entity enrolled in the ReData regime must publish periodic sustainability reports for its data center facilities or operational units covered by the regime on a readily accessible website. At a minimum, such reports must include the WUE, the electricity sources used to meet the entity's entire demand, and any other sustainability indicators defined by regulation.

The Executive Branch may create a centralized repository to consolidate the sustainability information and indicators disclosed by enrolled companies, thereby improving the visibility and comparability of sector data.

Effectiveness

The bill provides that if approved, the resulting law will take effect on the date of its publication.

The tax incentives, in turn, will remain in effect for five years.

In any event (as noted above), the tax benefits relating to PIS, Cofins, PIS-Import, Cofins-Import, and IPI shall remain in effect only until December 31, 2026. This deadline is consistent with the phase-out of PIS and Cofins (beginning in 2027) and the reduction of IPI rates to zero, except for products whose manufacturing remains eligible for incentives in the ZFM following the introduction of Brazil's tax reforms.

*** Wording based on the text of Senate Plenary Report No. 176/2026. The content may be subject to changes arising from the consolidation of the final version of the text submitted for presidential assent, which is still pending publication.**

For further information on this topic, please contact Mattos Filho's **Tax** and **Digital Infrastructure** practice areas.