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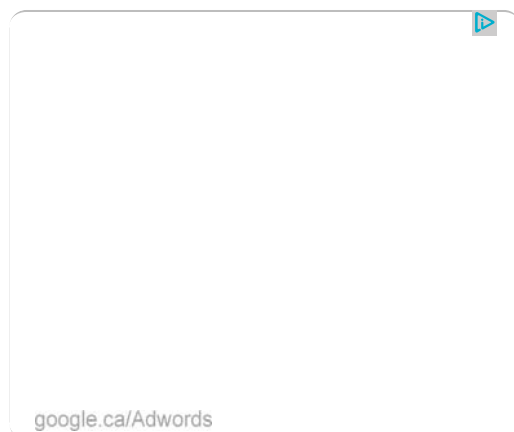
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# Tax Benefits for Purchase of Capital Goods for Exporters

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Recap,  
short for  
special  
regime  
for the



purchase of capital goods for exporters, is a

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customs regime that grants tax benefits to exporting companies. We will learn in this article what Recap is and who can apply for it.

Recap stands for Regime Especial de Aquisição de Bens de Capital para Empresas Exportadoras, which is a special customs regime that exempts COFINS and PIS/Pasep on the purchase of capital goods on imports or purchases and sales in the domestic market. The company must be predominantly exporting and the purchases made must be destined to the assets necessary to maintain the company's activities such as machines, equipment and also the property.

The gross revenue from exports of the year prior to requesting the benefit of the regime must be equal to or higher than 70% of its total gross revenue from sales of goods and services. The company must make a commitment to keep this percentage of exports during a period of two years from accession to Recap.

A company that has not reached this percentage in the year prior to the regime application can request the Recap benefits under the commitment to earn at least 70% of its total gross revenues from exports, during a period of three years.

Brazilian shipyards can also request Recap and do not necessarily need to have gross revenues of exporting or make the export commitment. The purchase of goods via Recap must be for the



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use in construction activities, conservation, modernization and repair of vessels registered with the Brazilian Special Registry with the Maritime Court. This registration is necessary to receive the tax benefit.

## Tax Exemption

Companies that apply for Recap are exempt from [PIS/Pasep](#) and [COFINS](#) taxes in cases where they purchase or import new machines, equipment and instruments. The tax benefit can be used on acquisitions and imports during three years from the date of Recap accession.

The Social Integration Program and the Program of Formation of the Patrimony of the Public Servants, better known by the acronyms PIS/PASEP are social contributions, payable by legal entities, in order to finance the payment of insurance unemployment allowance.

COFINS or Contribution for Social Security Financing is a federal social contribution levied on the gross revenue of businesses in general. COFINS is destined to finance the welfare, health and social assistance policies in Brazil.

## Applying for Recap

Only companies that have previously been qualified by the [Federal Revenue Service](#) can benefit from Recap. Here is the full list of companies who are Recap qualified with the Federal Revenue.



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The Recap benefits must be requested through a form submitted to the Federal Revenue Office or to the Federal Revenue Tax Administration Office. Together with this form the applicant must also submit:

- The articles of association in force, duly registered. In the case of S.A., the documents certifying the mandate of its managers
- Indication of the company's owner or list of partners, individuals, directors, managers, administrators and prosecutors with respective [CPF](#) numbers and addresses
- List of company partners, indicating the [CNPJ](#) number and their respective partners, individuals, directors, managers, administrators and prosecutors with respective CPF numbers and addresses
- Commitment Agreement provided by the Federal Revenue Service
- Documents that prove the company's tax compliance in relation to taxes administered by the Federal Revenue Service

The predominantly exporting company must add to the application form documents proving that at least 70% of the gross revenue is from exports. The commitment agreement does not apply to Brazilian shipyard 's requirements.



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