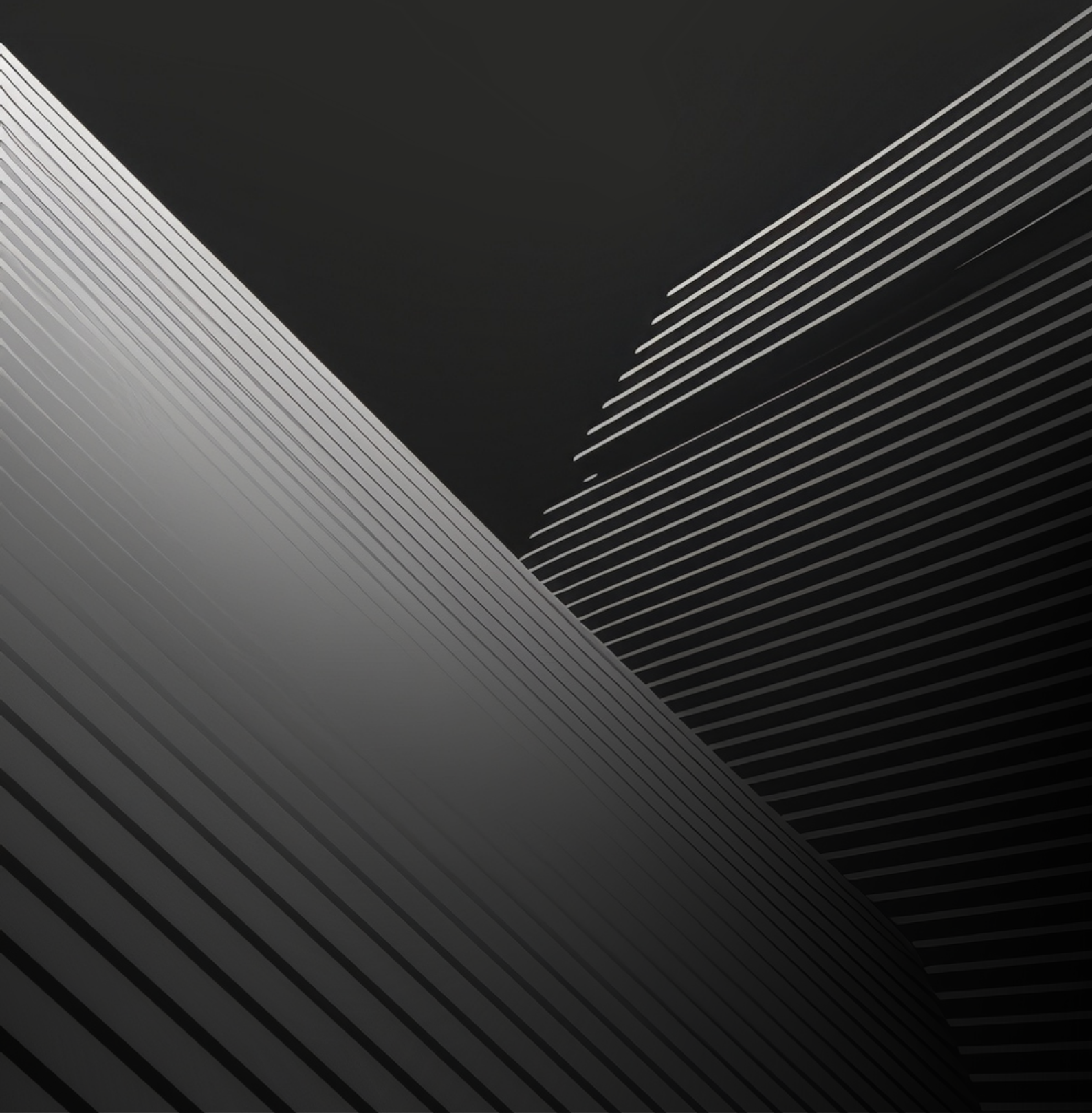


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NOTICIES

PROVISIONAL MEASURE ESTABLISHES TAX INCENTIVES FOR THE INSTALLATION OF DATA CENTERS IN BRAZIL

Provisional Measure (“MP”) No. 1,318, published on September 18th, 2025 (MP 1,318), established the Special Incentive Regime for Data Centers (Redata), a federal government initiative that seeks to strengthen Brazil’s digital infrastructure and attract investment to the information Technology sector.

Redata grants tax benefits aimed at the construction, expansion and modernization of Data Centers in Brazil. MP has provided for the suspension of federal taxes levied on machinery, equipment, software, and services directly related to the implementation and maintenance of these structures, with conversion to zero rate after the achievement of some requirements.

However, Redata benefits are not automatic: interested companies shall obtain prior approval of the investment Project from the Ministry of Finance, which will also have the authority to regulate tax matters and check the compliance with all the legal requirements.

Redata has granted the following tax benefits, that take into effect as of January 1st, 2026:

- **Suspension of PIS/Pasep and Cofins payments** levied on the importation and domestic purchase of machinery, devices, instruments, equipment, software and services intended for the construction, modernization, or operation of Data Centers;
- **Suspension of Import Tax (II) and Industrialized Products Tax (IPI) payments levied** on the acquisition of goods and equipment related to infrastructure benefiting from the regime;
- **Conversion of the suspension into a zero tax rate**, after the compliance of all legal requirements and effective use of goods and services for the purposes of the program within the regulatory period.

The IPI suspension only applies to electronic products and components that are not manufactured in Manaus Free Trade Zone. The II suspension applies only to products with no domestic equivalent industrialization or production in the Manaus Free Trade Zone.

Also, Redata beneficiary company shall comply with the following legal requirements:

- **Make available, in the domestic market**, at least **10%** of data processing, storage, and processing capacity;
- **Meet sustainability criteria and indicators**, which will be defined in subsequent regulation;
- **Use electricity from renewable sources**, ensuring alignment with the sustainability agenda;
- Present a **Water Efficiency Index** less than or equal to **0.05 L/kW**;
- **Make minimum investments (2% of Capex amount) in research, development, and innovation projects** in priority programs supporting domestic industrial and technological development;
- **Inform the compliance with the legal requirements** through performance reports and audits, under penalty of cancellation of the habilitation within Redata regime and **collection of all suspended taxes with penalties and interest**.

Local industries that supply equipment to companies benefiting from Redata shall be also qualified to acquire raw materials to industrialize such products, provided that equipment will subsequent be incorporated into the fixed assets of Redata’ beneficiaries.

The use of tax benefits and compliance with legal requirement will be checked by both Ministry of Finance and the Ministry of Development, Industry, Trade, and Services, within the scope of their respective competences.

Redata tends to significantly reduce the costs associated with Data Centers investments in Brazil, being attractive to large multinationals and, at the same time, opening up space for local integrators and suppliers to operate. In the political-regulatory field, the measure reinforces the agenda of digital sovereignty and sustainability by integrating incentives to the use of renewable energy and compliance with technological governance standards.

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