


# DOING BUSINESS IN **BRAZIL**

A PRACTICAL GUIDE FOR FOREIGN COMPANIES



Embaixada da Finlândia, Brasília  
Consulado da Finlândia, São Paulo

*Team*  
**FINLAND**

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*Team*  
**FINLAND**

**FOREWORD**



## **BRAZIL REPRESENTS ONE OF THE MOST DYNAMIC AND PROMISING MARKETS IN LATAM**

**BRAZIL IS ONE OF THE MOST DYNAMIC AND PROMISING MARKETS IN LATAM.**

As the region's **largest economy and a global leader** in sectors such as agriculture, energy, mining, and manufacturing, Brazil offers significant opportunities for Finnish companies seeking growth and partnerships.

Brazil is our main trade partner in Latin America, and we already have **more than 70 Finnish subsidiaries** generating approximately **EUR 4 billion in turnover**. Many Finnish companies also use Brazil as a hub for expansion to other countries in Latin America and the Caribbean.

The EU–Mercosur Agreement marks an important step toward strengthening economic relations and facilitating business between Finland and South America.

Once implemented, it will create new opportunities for trade, investment, and cooperation, further enhancing Brazil's role as a strategic partner for European businesses.

Reduced tariffs create a snowball effect – the total tax reduction for products is much greater than tariffs alone. Finnish companies may more easily test the market, establish local partners, scale distribution, and reinvest as barriers continue to fall.

Entering the Brazilian market requires understanding its opportunities as well as its complexities. This guide aims to support companies by providing practical information, insights, and recommendations for navigating Brazil's business environment.

We hope this guide will serve as a useful starting point for companies interested in exploring the many win-win business opportunities that Brazil has to offer.

**– HEIDI VIRTA**  
Head of Trade, Latam



Embaixada da Finlândia, Brasília  
Consulado da Finlândia, São Paulo

1.

INTRODUCTION TO

BRAZIL





ONE COUNTRY,

MANY WORLDS

## AN INTRODUCTION TO BRAZIL

If there were one word to define Brazil, it would be diversity. This encompasses not only cultural diversity, but also geographic, demographic, economic, and social diversity, on a scale that is difficult to grasp until you experience it first-hand.

Home to more than **210 million people**, Brazil is the **fifth-largest country in the world** and the largest in South America, spanning four time zones. It borders almost every other country on the continent and has a 7,400-kilometre coastline facing the Atlantic Ocean.

BRAZIL CONTAINS MULTIPLE REALITIES WITHIN A SINGLE JURISDICTION.

## Landscape

## & Biodiversity

Brazil's unique diversity is first visible in its landscape. The country hosts the Amazon rainforest, the world's **largest tropical rainforest**, dry savannahs in the Northeast and Center-West, flooded wetlands in the Pantanal, dense coastal forests along the Atlantic, and temperate grasslands in the far South.

This geographical variety sets the ground for one of the richest concentrations of life on the planet. Brazil is classified as a megadiverse country and is often estimated to host around **15–20% of the world's biological diversity**.



AMAZON RAINFOREST



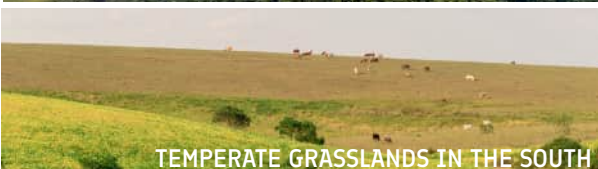
WETLANDS OF THE PANTANAL



CENTER-WEST SAVANNAHS



ATLANTIC COASTAL FORESTS



TEMPERATE GRASSLANDS IN THE SOUTH



## Population

## & Society

Brazil's large population, over 210 million, is itself a portrait of diversity. The country's indigenous heritage and successive waves of European, Middle Eastern, and Asian migration, as well as its African roots, have shaped a society in which people of multiple origins coexist.

**For instance, Brazil has the largest Italian, Japanese, and Lebanese populations outside their respective countries.**

Brazil is highly urbanized, with over 90% of the population living in cities, and major metropolitan areas such as São Paulo, Rio de Janeiro, Belo Horizonte, and Brasília are acting as important economic hubs.



## Culture Across

## Regions

Although national symbols such as football, samba, and capoeira form part of the collective identity, culture changes distinctly from one region to another.

In **São Paulo**, life is fast-paced and cosmopolitan, with a focus on finance, technology, fashion, and food from around the globe.

In **Rio de Janeiro**, the beach is part of daily life, samba and Carnival are cultural institutions, and the economy is powered by major industries such as oil and gas, offshore and maritime logistics.



In the north-east, especially in the state of **Bahia**, there is a strong African influence, evident in music such as forró, Afro-Brazilian religions such as Candomblé, and celebrated cuisine based on dendê.

The culture in the **South** reflects widespread European immigration, primarily from Germany and Italy, but also from countries such as Poland and Ukraine, blended with *gaúcho* traditions, including *chimarrão* (*mate*), *churrasco*, vineyards, and winemaking.

In the **Amazon** region, diverse indigenous cultures preserve their languages, rituals, and traditional knowledge of the environment.

**BRAZIL CANNOT BE REDUCED  
TO A SINGLE NARRATIVE.**

# BRAZIL

## OVERVIEW



Official name  
**Federal Republic of Brazil**



Capital  
**Brasília**



Population  
**212,812,405 (estimate)**



Official language  
**Portuguese**



Time zones  
**UTC -2 to -5**



Ethnic groups  
**48% White, 43% Mixed, 7.6% Black, 1% Asian, 0.4% Indigenous**



Form of government  
**Federal presidential constitutional republic**



Largest city  
**São Paulo**



Area  
**8,516,000 km<sup>2</sup>**



Currency  
**Brazilian Real (BRL)**



Calling code  
**+55**



Member of  
**United Nations, G20, BRICS, MERCOSUR, Organization of American States, Organization of Ibero-American States, Community of Portuguese Language Countries**



# BRAZILIAN MARKET OVERVIEW

## LARGE AND INFLUENTIAL MARKET

Home to more than 210 million people, it has the **largest economy in Latin America** and combines size with an increasingly urban and connected population. In recent years, Brazil has experienced steadier inflation and renewed investor confidence, strengthening its position as a key member of the G20.

This scale is anchored in a broad and ever-diversifying productive base. Brazil has long been a **global leader** in agribusiness, producing goods such as soy, corn, beef, poultry, coffee, and sugarcane. The country also exports large quantities of iron ore and other minerals. It manufactures aircrafts, cars, and machinery, and its extensive high-yield forestry operations support a large pulp and paper sector, making it the world's largest exporter of short-fiber pulp. Services, especially finance and professional services, are an increasingly important part of the economy.

### THE MESSAGE FOR FOREIGN COMPANIES IS STRAIGHTFORWARD

Brazil is a large consumer market, diversified across sectors and regions. **There are opportunities in agriculture, industry, energy, and technology, and the macroeconomic outlook is more stable than in previous cycles.**

Furthermore, Brazil's **technology sector is booming** and is becoming one of the country's defining industries. Cities such as São Paulo, Campinas, Recife, and Florianópolis have active and growing start-up ecosystems.

Digital adoption is generally high, and the instant payment system **Pix** has transformed the way people and businesses pay and operate, driving growth in fintech and e-commerce. Brazil plays a central role in international trade. Its main trading partners include China, the European Union, the United States, and neighboring countries, establishing Brazil as a key global supplier of food, fuel, and raw materials, as well as an increasingly important destination for industrial and service investments.

**BRAZIL REWARDS COMPANIES THAT INVEST WITH A LONG-TERM PERSPECTIVE.**

While the market does require preparation and local understanding, companies that invest the necessary time and effort to navigate it often find that Brazil rewards **long-term commitment.**



## Key Sectors

## in Brazil

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### **MINING & ENERGY**

- Crude oil and natural gas extraction
- Iron ore mining
- Other metallic minerals: bauxite and manganese

### **TRANSPORT EQUIPMENT**

- Automotive and auto parts
- Aircraft and aerospace components

### **FOREST-BASED INDUSTRIES**

- Short-fiber pulp (eucalyptus)
- Packaging paper and paperboard
- Tissue

### **FOOD PROCESSING AND BEVERAGES**

- Meat processing
- Vegetable oils

### **BASIC METALS & INDUSTRIAL INPUTS**

- Steel and semi-finished metal products
- Aluminum and non-ferrous metals
- Basic chemicals and fertilizers

### **AGRICULTURE & AGRO-BASED INDUSTRIES**

- Soybeans, corn (maize), coffee
- Sugarcane, sugar, and ethanol
- Meat production (beef and poultry)

### **CAPITAL GOODS & INDUSTRIAL EQUIPMENT**

- Electrical equipment (motors, generators, transformers)
  - Agricultural machinery
-



# BUSINESS CULTURE

Brazilian business culture differs in some important respects from the Nordic context. While Nordic companies are known for direct communication, flat hierarchies, and strong reliance on written agreements, doing business in Brazil requires greater emphasis on **personal relationships**, informal communication channels, and patience with process-driven environments. Understanding these differences is essential for building trust and achieving commercial results in the country.

## RELATIONSHIPS COME FIRST

**IN BRAZIL, PERSONAL RELATIONSHIPS ARE A PREREQUISITE FOR BUSINESS.**

Brazilians strongly prefer to work with people they know personally. Initial meetings often prioritize relationship-building before business discussions. Topics such as football, family, food, or local culture are common and expected.

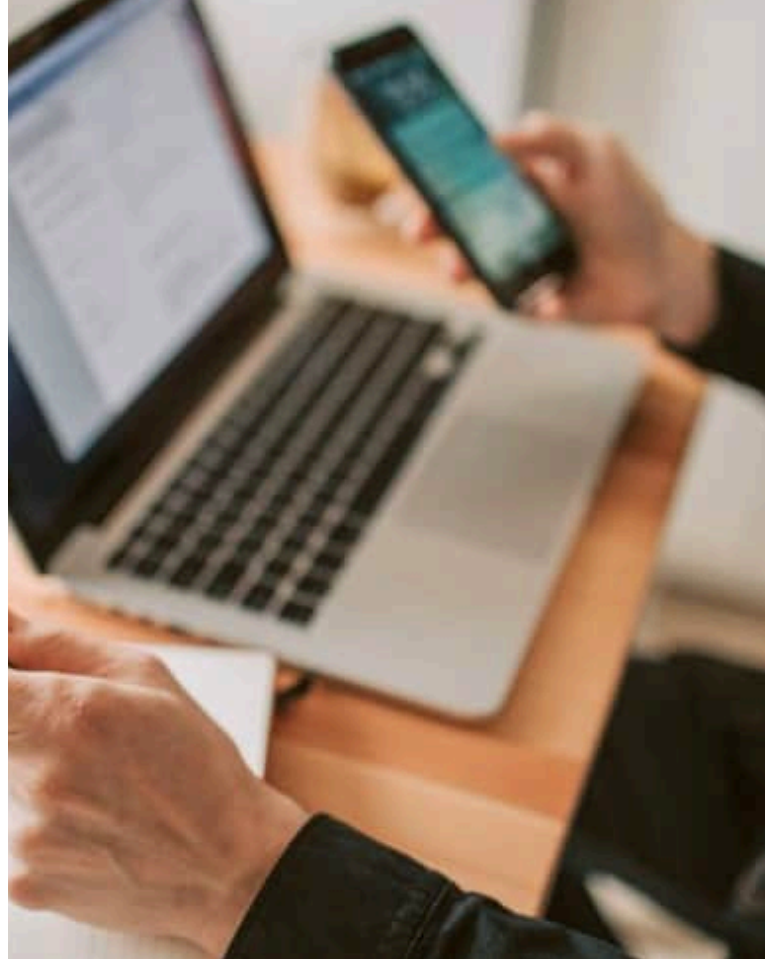
Skipping this phase or moving too quickly to technical details may be perceived as cold or transactional. Whenever possible, leverage introductions through mutual contacts, as referrals significantly increase **credibility** and openness.

Business relationships in Brazil are built around individuals rather than organizations. Maintaining regular contact, even when no immediate transaction is underway, is essential for **long-term success**.

## COMMUNICATION STYLE AND LANGUAGE

Brazilian professionals are generally expressive, informal, and comfortable with physical proximity and animated conversations. This warmth should not be mistaken for a lack of professionalism.

While many senior executives speak English, Portuguese is still the default business language. Providing materials in Brazilian Portuguese demonstrates respect and preparation. Spanish should be avoided, as Brazil has a strong linguistic identity distinct from its Spanish-speaking neighbors.



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## WHATSAPP AS A CORE BUSINESS TOOL

For Nordic companies, one of the biggest adjustments is the communication style. In Brazil, **WhatsApp is the dominant communication channel**, often preferred over email or scheduled calls. Quick messages, voice notes, and informal follow-ups are common and effective. Important decisions or clarifications may happen via WhatsApp rather than through structured email threads. This reflects Brazil's relationship-oriented and conversational communication style, which contrasts with, for example, Finland's preference for concise, documented exchanges.

## LINKEDIN AS A COMPLEMENTARY RELATIONSHIP-BUILDING TOOL

**LinkedIn plays an important supporting role** in business development in Brazil, particularly in the early stages of relationship-building.

Connecting on LinkedIn before or shortly after an initial meeting is common and helps reinforce professional credibility.

For Brazilian counterparts, LinkedIn is often used to validate background, track career history, and understand mutual connections. Maintaining an updated and complete profile is therefore important. Posting occasionally or engaging with relevant content can also help keep relationships visible over time.

## NEGOTIATION STYLE INDIRECT COMMUNICATION AND PATIENCE

Brazilian negotiation style contrasts sharply with Finnish directness. Brazilians often **avoid saying “no” explicitly** to preserve relationships and avoid confrontation. Expressions such as “we will analyze this” or “let me get back to you” may signal reluctance rather than interest. Silence or delayed responses can also indicate a lack of alignment. Nordic companies should not interpret this as dishonesty, but rather as a culturally rooted preference for indirect communication.

Negotiations frequently span multiple meetings and extended timelines.

**PATIENCE, PERSISTENCE,  
AND CAREFUL READING OF  
SIGNALS ARE ESSENTIAL.**

In Brazil, progress often depends on active follow-up. Waiting passively for responses can lead to stalled discussions. Polite reminders via WhatsApp or short calls are generally well-received and seen as professional. Active engagement helps maintain momentum in discussions and ensures that opportunities remain visible within the organization.

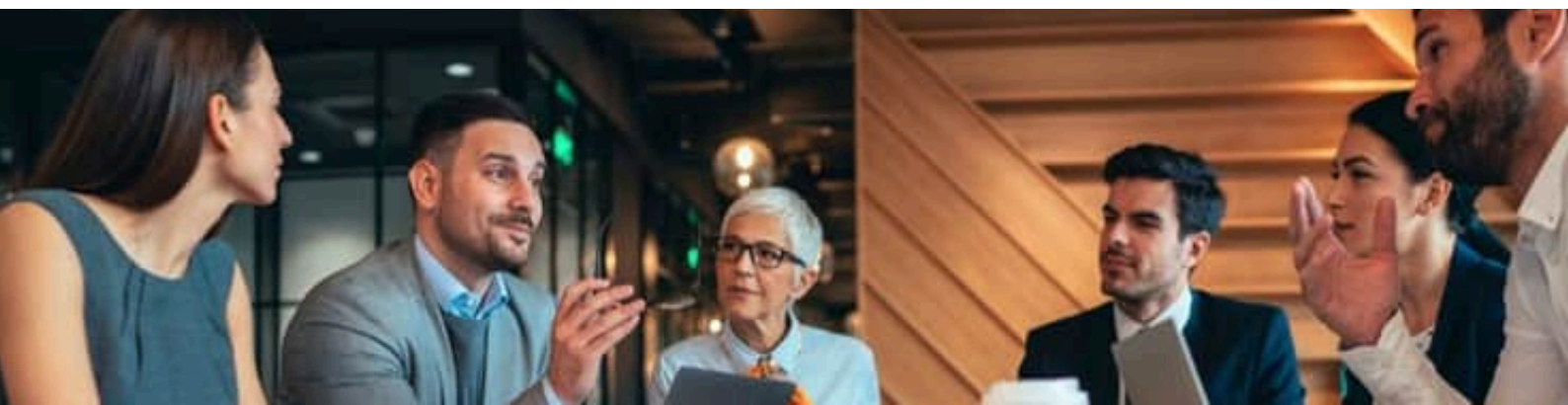
## MEETINGS AND TIME PERCEPTION

Meetings are usually scheduled two to three weeks in advance and confirmed shortly beforehand. Punctuality is more flexible than in Finland, and meetings may start slightly late. As a foreign partner, representatives should arrive on time and be prepared to wait. Meetings often begin with an informal conversation before transitioning to business topics. Interruptions and spontaneous discussion during presentations are common and signal engagement.

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## DRESS CODE AND APPEARANCE

Business attire in Brazil is generally more formal than in the Nordics, particularly in cities like São Paulo. Conservative and elegant dress is expected in professional settings.



# FINNISH

## PRESENCE IN BRAZIL

The Finnish presence in Brazil is deeper and more organized than many expect. Diplomatic relations were formally established in 1929, laying the foundation for long-term cooperation. Around the same time, Finnish settlers founded Penedo in the state of Rio de Janeiro, today a small but visible symbol of early Finnish engagement with Brazil.

Since then, the relationship has grown into a modern partnership built on technology, energy, education, and sustainable industry, among many other areas. Finnish companies and institutions now operate across Brazil, supported by a coordinated Team Finland network and local partners who understand both systems. For Finnish businesses and investors, this means that there is already a strong ecosystem in place.

According to Eurostat data, bilateral trade in goods and services between Finland and Brazil reached approximately EUR 1.4 billion in 2024. Finnish exports to Brazil totaled EUR 756.3 million, while imports of Brazilian goods and services amounted to EUR 612.6 million.

Major players active in the market include Ponsse, Nokia, Wärtsilä, Metso, and Valmet. According to the Central Bank of Brazil (“BACEN”), Finnish direct investment in Brazil exceeds USD 1.2 billion, largely concentrated in manufacturing.

**BRAZIL IS FINLAND'S  
LARGEST TRADING PARTNER  
IN LATIN AMERICA AND THE  
CARIBBEAN, ACCOUNTING  
FOR AROUND 40% OF  
FINNISH EXPORTS TO THE  
REGION.**

Key Finnish exports to Brazil include industrial machinery and equipment, metal components and fabricated metal products, chemicals, pharmaceutical products, and paper and paper products, which together account for approximately 80% of total exports.

Finland's commercial presence in Brazil extends well beyond trade flows. Approximately 125 Finnish companies, or companies with a significant presence in Finland, operate in the country through subsidiaries, distributors, or sales representatives. Hundreds more export to Brazil without having a physical presence. According to Statistics Finland, Finnish subsidiaries employed 12,483 people in Brazil in 2022.

# FINNCHAM BRAZIL



Embaixada da Finlândia, Brasília  
Consulado da Finlândia, São Paulo

FinnCham Brazil is the Finnish Chamber of Commerce in Brazil and the official representative of the global FinnCham network in the country. It is an independent non-profit organization focused on strengthening its role as a reliable platform through which companies can better explore opportunities in the Brazilian market.

FinnCham promotes trade and investment between Finland and Brazil by connecting companies, chambers, and institutions, organizing events, and sharing practical market insights. It acts as a local platform for Finnish companies already in Brazil and those considering entry, and is also part of the broader Team Finland network.

Finland's Embassy in Brasília and the Consulate in São Paulo form the foundation of Finland's official presence in Brazil. Together, they carry out diplomatic, consular, and trade promotion functions.

The Embassy leads political dialogue and represents Finnish interests at the federal level, while the Consulate in São Paulo, located in Brazil's economic hub, centralizes consular services and serves as the primary point of contact for commercial matters.

Both missions actively support bilateral trade by providing Finnish companies with market intelligence and sector-specific insights, facilitating connections with local partners, and organizing and supporting business delegations.



**JAN R. E. JARNE**  
Chairman of the Board



**PERTTI LATIKKA**  
President



**ANTTI PETTERI KASKI**  
Finnish Ambassador  
to Brazil



**KARI PUURUNEN**  
Consul General of Finland  
in São Paulo

*“For Finnish companies looking abroad, Brazil offers a unique combination of opportunities: more than 200 million consumers, a diversified industrial base, abundant natural resources, world-leading renewable energy potential, and a growing demand for sustainable and innovative solutions. From clean technologies and smart infrastructure to digitalization, health, education, forestry, mining, and advanced manufacturing, the space for Finnish expertise to grow is both vast and tangible.*

*And Brazil and Finland already have more in common than many may imagine. Beyond our shared love for coffee, our countries are connected by a strong appreciation for innovation, resilience, education, sustainability, and international cooperation. Our economies are naturally complementary: Brazil brings scale, strategic resources, industrial capacity, creativity, and access to Latin America, while Finland contributes cutting-edge technology, efficiency, trust-based business culture, and globally recognized expertise in sustainable solutions. It is a partnership where both sides share the same values and bring strengths that genuinely reinforce one another.*

*This relationship is not only full of potential: it is already producing results. Finnish companies operating in Brazil continue to expand, innovate, and build long-term partnerships across the country. Their success stories demonstrate that Brazil rewards commitment, adaptability, and vision. For companies considering their next international step, Brazil offers not only business opportunities, but the chance to participate in major transformations shaping the future of energy, industry, logistics, connectivity, and sustainability.*

*“The evolving partnership between the European Union and Mercosur further strengthens this momentum. Greater economic integration between the two regions is expected to facilitate trade, improve market access, and open new pathways for investment and cooperation. At a time when resilient supply chains, green transition technologies, and trusted partnerships matter more than ever, the connection between Finland and Brazil becomes increasingly strategic.*

*The Team Finland network stand ready to support Finnish companies throughout this journey: from identifying opportunities and connecting with local partners to navigating the Brazilian market and building long-term success. Brazil is a country that values relationships, trust, and presence, and Finnish companies have consistently shown that they can thrive in this environment.*

*And perhaps one of the greatest advantages of doing business in Brazil is that the country inspires people as much as it welcomes investment. Extraordinary nature, vibrant cities, warm hospitality, rich culture, endless biodiversity, and sunshine that seems to last all year long make Brazil not only a place to do business yet a place to build lasting connections, meaningful partnerships, and memorable experiences.”*

**– ANTTI PETTERI KASKI**  
Finnish Ambassador to Brazil



# FINNISH COMPANIES

# IN BRAZIL

**THESE CASE STUDIES HIGHLIGHT HOW  
FINNISH COMPANIES CREATE VALUE AND  
SUCCEED IN BRAZIL ACROSS KEY SECTORS.**

From energy and engineering to bioeconomy, mining, and advanced technologies, Finnish companies bring a combination of innovation, reliability, and long-term commitment to the Brazilian market.

Their presence reflects not only strong business opportunities but also the potential for sustainable partnerships and shared growth.



## DECARBONIZING MARITIME AND ENERGY SYSTEMS

Wärtsilä has established a strong and long-standing presence in Brazil, where it has been operating since 1990. The country plays a central role in the company's activities in Latin America, particularly in offshore and shipping operations, and is also a key market for its energy business.

*"Brazil currently represents more than 80% of our Marine business in the region."*

– **MARIO BARBOSA**

Head of New Business, Latam  
Wärtsilä

Operating across both its **Marine and Energy divisions**, Wärtsilä supports Brazil's transition towards more sustainable and efficient systems. In the maritime sector, the company combines digitalization and advanced technologies to improve operational efficiency and reduce emissions. In parallel, its energy solutions integrate flexible generation, energy storage, and digital optimization to enable higher shares of renewable energy while maintaining system reliability.

Brazil has also become a platform for innovation within Wärtsilä's global operations. Initiatives developed in the country, such as the use of ethanol as a marine fuel, demonstrate how local solutions can influence the company's broader technology roadmap.

*"By combining flexible generation, storage, and digital optimization, Wärtsilä Energy enables countries to increase renewable penetration without sacrificing reliability, reduce carbon emissions while maintaining affordable electricity, and transition smoothly towards a future with high renewable systems."*

– **SILVIA ZUMARRAGA**

GM, Market Development  
Wärtsilä Energy

With strong local capabilities and advanced technological expertise, Wärtsilä positions Brazil not only as a key market but also as a **hub for innovation** and the development of sustainable solutions with global impact.

## ENABLING A COMPETITIVE AND SUSTAINABLE BIOECONOMY

Valmet has built a strong industrial footprint in Brazil, a country that today **leads global pulp production** capacity. The company operates across multiple regions and has played a key role in nearly all major pulp and paper projects in the country.

*“Brazil is currently the global leader in pulp production capacity, and Valmet has been a key partner in almost all major projects in the region.”*

– **CELSO LUIZ TACLA**

Executive Vice President, Latam  
Valmet

*“In Latin America, where markets can be complex, this Finnish predictability and seriousness are competitive differentiators. Customers know that Valmet delivers what was promised.”*

– **FABIO MAIA**

Flow Control vice-president for the South & Central America area market  
Valmet

Brazil plays a **strategic role** in Valmet’s global operations, not only as a key market but also as a platform for innovation and long-term industrial development. The company’s continued investments in the country reinforce its commitment to strengthening local capabilities and expanding its regional presence.

By integrating process technology, automation, and digital solutions, Valmet enables its customers to increase efficiency while reducing environmental impact. Its solutions are central to the development of a modern and competitive bioeconomy, where productivity and sustainability go hand in hand.

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## ENGINEERING THE ENERGY AND INDUSTRIAL TRANSITION

AFRY has positioned Brazil as its main operational hub in Latin America, supporting large-scale projects across energy, infrastructure, and industrial sectors.

*“Brazil concentrates our largest LATAM delivery capacity and a robust pipeline across pulp & paper, energy, mining & metals, chemicals & biorefining, life science, automotive, infrastructure, and digital/industrial data.”*

— **NILSON ROBERTO NIERO**  
Vice President Development,  
Strategic Projects, and Environment  
& Sustainability, AFRY

With more than 1,500 professionals in the country, the company combines Nordic engineering expertise with strong local execution capabilities. AFRY plays a key role in enabling decarbonization, digitalization, and the development of complex infrastructure projects across the region.

Brazil’s scale and diversity make it a strategic platform for regional expansion, where long-term commitment and local understanding are essential to success.



## DRIVING SUSTAINABLE MINING AND RESOURCE EFFICIENCY

Metso has established a strong presence in Brazil, supporting one of the largest and most important mining markets in the world. The country plays a central role in the company’s operations in Latin America.

Through advanced technologies and process solutions, Metso helps mining companies improve efficiency, reduce environmental impact, and optimize resource use. Its solutions are particularly relevant in a market increasingly focused on sustainability and operational performance.

*“We are a global company, and South America is one of the most important regions in terms of volume, testing technology, and developing local capacities.”*

— **EDUARDO NILO**  
President, South America  
Metso

Brazil offers a dynamic environment for innovation in mining, where global expertise can be adapted to local conditions and scaled across the region.



## ADVANCING SUSTAINABLE FORESTRY OPERATIONS

Ponsse has developed a strong presence in Brazil, supporting one of the most advanced forestry sectors in the world. The country is a **global reference** in productivity and efficiency in plantation forestry.

The company provides high-performance machinery and digital solutions that enable sustainable forest management, combining operational efficiency with environmental responsibility.

Brazil represents a strategic market where innovation, sustainability, and scale converge, reinforcing the country's role as a leader in the global bioeconomy.

*"In Brazil, there are the biggest investments in new mills and new plantations."*

**— MARTIN TOLEDO**

Sales Director, South America  
Ponsse



## SHAPING THE FUTURE OF CONNECTIVITY

Nokia Bell Labs plays a key role in advancing technological innovation globally, including developments relevant to Latin America. Its research and innovation capabilities contribute to the evolution of next-generation networks and digital infrastructure.

In a market like Brazil, where **digital transformation** is accelerating, advanced connectivity solutions are essential to support economic growth, industrial modernization, and new business models.

*"Latin America has unique characteristics, and solutions need to be adapted locally to truly succeed."*

**— LÉLIO DI MARTINO**

General Manager, Nokia Cognitive Mining - Nokia Bell Labs

By combining research excellence with practical applications, Nokia Bell Labs contributes to building the technological foundations for the future of connectivity.

# ABLOY

## SECURING CRITICAL INFRASTRUCTURE IN A GROWING MARKET

ABLOY has developed a mature presence in Latin America, with Brazil emerging as one of its key strategic markets due to its size and demand for high-security solutions.

The company focuses on critical infrastructure sectors such as banking, telecom, and energy, where reliability and advanced technology are essential. Its solutions combine physical and digital security, supporting the region's ongoing digital transformation.

Brazil's scale and complexity create strong demand for integrated and high-performance security systems, positioning the country as a relevant market for long-term growth.

*"Brazil is now one of our main target markets because of its size and the huge opportunities in the internal market; our products fit very well with the needs there."*

— **ALEJANDRO VALDERRAMA**  
Director of Market Development,  
Americas, ABLOY



2.

# KEY TRENDS





# EU–MERCOSUR TRADE

# AGREEMENT

## IMPLICATIONS FOR EU COMPANIES IN BRAZIL

### BACKGROUND

At a time when many countries are turning inward and adopting more protectionist measures, the EU and Mercosur have taken the opposite path – choosing to open markets and sending a powerful signal in favor of rules-based trade. After decades of negotiations, on 17 January 2026, the agreement was finally signed by the parties.

Once in force, the agreement will be one of the largest free trade agreements ever, covering over **700 million consumers** and about **25% of global GDP**. The Interim Trade Agreement will be applied provisionally from 1 May 2026

For EU companies, the agreement supports the strategic diversification of supply chains, reduces dependence on other regions, and establishes a stable long-term economic anchor in South America. For Mercosur, it offers improved access to the world's largest single market, as well as increased competition and choice for consumers.

Mercosur is already an important destination for EU exports and has strong potential for further growth. Yet the region's economies, not least Brazil, have historically maintained high import duties, complex customs procedures, and other barriers that restrict foreign market access.

This trade agreement is designed to address these obstacles directly. It will lower tariffs, streamline border procedures, and, overall, provide a more predictable and transparent framework for EU companies, including Finnish exporters, operating in Brazil.

**THE AGREEMENT WILL RESHAPE TRADE BETWEEN EUROPE AND BRAZIL FOR DECADES.**

In the following sections, we highlight the most relevant parts of the agreement and explain what they mean in practice for EU firms exporting to Brazil.

## REMOVED TARIFFS

Mercosur applies some of the world's highest import tariffs – for example, up to 35% on cars, up to 20% on machinery, up to 18% on chemicals, and up to 14% on pharmaceuticals, to name a few.

Duties on products such as wine, spirits, chocolate, cheese, and other processed foods will also be reduced or removed. Overall, the agreement will phase out tariffs on about 91% of EU exports. The EU will reciprocally and gradually remove tariffs on around 92% of imports from Mercosur.

To protect sensitive EU agrifood sectors, including beef, poultry, sugar, and ethanol, the agreement grants Mercosur only limited access through carefully calibrated tariff-rate quotas and safeguard mechanisms, rather than full liberalization.



## PROMOTING TRADE BEYOND TARIFFS

The agreement is also expected to simplify customs procedures and increase transparency for EU companies trading with Brazil. This includes stronger customs cooperation, streamlined requirements and formalities, and access to advance rulings on tariff classification and origin.

Preferential tariffs should also become easier to claim, as the agreement relies on self-certification of origin rather than traditional and more time-consuming certificates.

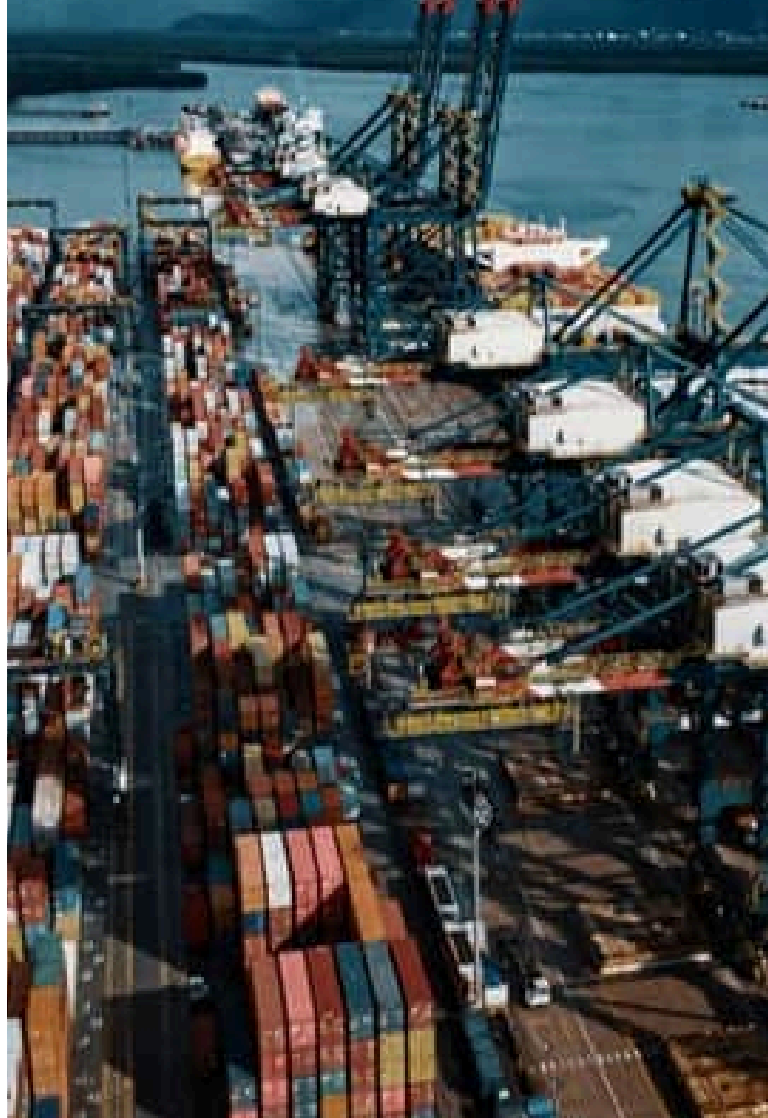
The agreement further seeks to reduce technical barriers to trade by limiting unnecessary regulatory friction. A comprehensive services and establishment chapter makes it easier for EU firms to provide services and invest in Mercosur, both cross-border and via local presence.

Furthermore, the agreement facilitates access for EU providers to bid for government contracts in Mercosur on equal terms with local companies, ensuring transparency and non-discrimination.

## PROTECTION OF GEOGRAPHICAL INDICATIONS

The agreement also offers protection for Europe’s Geographical Indications (“GIs”), giving EU producers greater legal certainty that names and brands linked to origin and quality will be respected in Brazil.

Mercosur will recognize and protect more than 340 European GIs, ensuring that names such as Prosciutto di Parma, Parmigiano Reggiano, or Vodka of Finland can be used only for genuine EU products. This helps prevent imitations and misleading references, while giving EU exporters clearer market positioning and the ability to maintain premium pricing in Mercosur markets.



## SUSTAINABILITY

Environmental concerns, such as deforestation in the Amazon, have been central to the recent debate on the agreement. The final draft responds by making the effective implementation of the Paris Climate Agreement an essential element of the partnership.

It also contains binding commitments on sustainability, including measures to halt deforestation and protect natural resources and forests. The EU has further pledged EUR 1.8 billion in support, as part of Global Gateway, to help advance a fair green and digital transition in the Mercosur countries.

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## CONCLUDING REMARKS

When ratified, the EU-Mercosur agreement has the potential to reshape trade between Europe and Brazil for decades.

As advisors to foreign companies trading with and operating in Brazil, we welcome an agreement that combines improved market access with more transparent rules. The political path to final ratification is not without obstacles, but the economic and strategic benefits are substantial.

For now, we remain optimistic that the remaining hurdles can be overcome and that companies will soon be able to fully rely on this new framework in their Brazil and Mercosur expansion plans.



# THE NEW BRAZILIAN TAX

## REFORM

Brazil is in the midst of one of the most far-reaching reforms since the 1988 Constitution: the overhaul of its consumption tax system. Far from being a purely technical adjustment, the reform represents a structural reconfiguration of how value is taxed, allocated, and redistributed across the economy, with significant implications for businesses, public finances, and federal relations.

This transformation is grounded in Constitutional Amendment No. 132 of 2023, which sets in motion a gradual transition toward a new tax architecture, scheduled to unfold in stages through 2033 (the “Tax Reform”).

The reform establishes the basis for the creation of two new taxes: the Goods and Services Tax (“IBS”) and the Goods and Services Contribution (“CBS”). The CBS, which is under federal jurisdiction, will begin to be levied in 2027, while the IBS, whose collection will be shared between states, the Federal District, and municipalities, will come into effect progressively starting in 2029.

These taxes will apply only to final consumption, meaning they will effectively be borne by consumers.

The current system, on the other hand, has several shortcomings: it is considered complex, cumulative, unequal, and lacking in transparency, in addition to increasing production costs and discouraging investment. In order to address these issues, the new model clearly defines responsibility for tax collection and remittance, as well as the calculation criteria and other rules of application.

Together with the Selective Tax (Imposto Seletivo – “IS”), created to discourage the consumption of products harmful to health and the environment such as cigarettes, the IBS and CBS will replace the current ICMS, ISS, PIS, Cofins, and IPI taxes (for more information, see the article “The Brazilian Tax System: An Overview”, on page 38).

Another central element of the reform is the adoption of the “destination principle”, under which taxes are collected at the place of consumption rather than at the place of production. This change is particularly relevant in the Brazilian federal context, as it mitigates fiscal competition between states and municipalities and reduces disputes over tax jurisdiction. By reallocating revenue according to consumption, the reform aims to promote a fairer distribution of tax revenues among federative entities and to diminish one of the historical sources of litigation in the Brazilian tax system.

The reform also seeks to substantially reduce compliance costs by standardizing rules, procedures, and ancillary obligations. The fragmentation that currently characterizes consumption taxation – marked by thousands of infra-legal norms, differing interpretations, and overlapping competencies – is expected to be replaced by a more coherent and centralized regulatory framework. This rationalization is intended to increase transparency, facilitate tax administration, and provide taxpayers with greater predictability regarding their tax burden.



It is important to emphasize that the transition period, extending until 2033, plays a crucial role in preserving legal certainty and economic stability. During this phase, the coexistence of the current system and the new taxes will require careful coordination, both from tax authorities and taxpayers. The gradual implementation allows economic agents to adapt their pricing structures, contracts, accounting systems, and compliance routines, while also enabling the State to test, calibrate, and refine the new model.

Taken as a whole, the Tax Reform represents a shift from a fragmented, litigation-prone, and opaque system toward a model aligned with international best practices in value-added taxation. While challenges remain, particularly during the transition period, the reform lays the groundwork for a more neutral, transparent, and efficient tax system, capable of supporting economic development while accommodating extra-fiscal objectives within a coherent constitutional framework.



# BRAZILIAN RENEWABLE ENERGY & GREEN INDUSTRY

## **INDUSTRIAL AND INNOVATION POLICY**

Brazil's current industrial and innovation agenda is anchored in Nova Indústria Brasil ("NIB"), launched in 2024 to drive neo-industrialization through sustainability, technological development, and strengthened competitiveness. The policy organizes national reindustrialization efforts into six mission-oriented priorities, backed by more than R\$ 300 billion in federal financing through 2026, aimed at modernizing production, upgrading technological capabilities, and repositioning Brazil in global value chains.

## **POWER SECTOR REFORM**

Brazil is undergoing a profound transformation in its power sector, driven by a long-term liberalization agenda that is reshaping market dynamics, regulatory frameworks, and the competitive landscape. A key milestone in this process is Law No. 15.269/2025, which establishes the legal foundation and timeline for full market opening. This structural transition is expected to significantly increase demand for advanced technologies, digital services, smart grid modernization, and flexible power solutions.



# BRAZIL:

# AN UNDERESTIMATED

# TECH SCENE

Brazil has not been widely recognized as a particularly tech-savvy country or a global leader in technology. Yet, that picture is quietly changing, and a shift is underway. Over the past few years, Brazil has started to move from a “big consumer market with low tech investment” to a serious regional tech hub.

With its large and diverse population, growing economy, and increasing investment and prioritization of digital infrastructure, Brazil offers fertile ground for tech companies seeking growth and innovation opportunities.

## Local

## Tech Hubs

A large portion of Brazil’s tech and innovation development is concentrated in São Paulo and its surrounding region, including the city of Campinas. The concentration of innovative companies, talent, and capital has made São Paulo the natural headquarters for most Brazilian unicorns.

From a structural perspective, the federal government has launched a national AI strategy and, more recently, a broader national plan for AI development, allocating millions in investments in AI infrastructure and development. While the effects remain to be seen, one thing is clear: the tech sector is now a priority in Brazil.

Beyond public sector prioritization, Brazil’s current tech momentum is also driven by its population. Internet and smartphone usage are both high and widespread.

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Other important innovation centers in Brazil include major cities such as Rio de Janeiro and Belo Horizonte, home to the “San Pedro Valley”, as well as startup hubs like Florianópolis, now formally recognized as Brazil’s “startup capital”, and Recife, with its Porto Digital district.

Prominent

## Start-up Ecosystem

Brazil has Latin America's largest and most mature start-up ecosystem. In 2024, Brazilian startups raised USD 1.7 billion across 476 deals, well above investment levels in Mexico (USD 792 million) and Argentina (USD 418 million).

Brazil accounted for nearly half of all venture capital invested in the region, and 24 of Latin America's 45 unicorns are Brazilian, reflecting the country's scale, deep talent pool, and sustained investor confidence.



Fintech may be the clearest example of Brazil's emerging tech sector. Over the last decade, the country has become a global reference point for open banking and digital payments.

Players such as Nubank, Banco Inter, PagSeguro, Stone, Ebanx, and Mercado Bitcoin are notable Brazilian success stories in the sector. Fully digital banks serve tens of millions of customers, and app-based payment and banking solutions are part of everyday life for a large share of the population.

A key driver has been Pix, the instant payment system launched by the Central Bank of Brazil in 2020. It enables real-time transfers between individuals, companies, and public entities, and has quickly become one of the main payment methods in the country, surpassing traditional bank transfers and, in some segments, cards and cash.

Pix lowers transaction costs, supports financial inclusion, and provides fintechs with a modern, open "rail" on which to build new products.

## Agritech

The agritech sector is where Brazil's traditional strengths and its digital transformation intersect. Agriculture is a major contributor to Brazilian GDP and exports, and large parts of the country's agronegócio are now deeply data-driven.

On modern farms, connected machinery, drones, and IoT sensors are used to monitor soil, weather, and crop health in real time, while AI-based tools help optimize fertilizer use, planting decisions, and harvesting.

Prominent Brazilian agritech companies include Solinftec, JetBov, and Aegro.



## E-commerce

Brazil's e-commerce and platform economy is one of the clearest signs of how tech-savvy and digitally engaged its population has become. A large portion of the population shops, orders food, books transport, and even housing searches primarily through digital platforms.

Marketplaces such as Mercado Livre and Shopee are among the most widely used shopping platforms in the country, with millions of daily users and strong penetration beyond the largest cities. Food delivery is dominated by iFood, which processes millions of orders per day.

In mobility, Uber and local competitor 99 are widely used across income groups and cities. Even traditionally offline sectors, such as housing, have gone digital through platforms like QuintoAndar, which simplify renting and property management end-to-end via an app.

3.

DOING BUSINESS

IN BRAZIL





**BRAZIL AS AN**

# **INVESTMENT DESTINATION**

**Brazil is open to foreign capital** and actively seeking partners in several areas where Nordic companies are strong, such as energy, pulp and paper, mining, telecoms, machinery, health, education, and technology. For many Nordic groups, the question is not if they should be in Brazil, but how.

**BRAZIL IS OPEN TO  
FOREIGN CAPITAL AND  
ACTIVELY SEEKING  
INTERNATIONAL PARTNERS.**

In 2021, Brazil approved a new foreign exchange and foreign capital law (Law No. 14,286), which replaced and consolidated various previous laws and regulations. The goal was to simplify procedures, reduce bureaucracy, and align Brazil more closely with international practices. Some examples of what the new framework means for international investors include:

- (i)** fewer formalities for many foreign exchange (FX) transactions;
- (ii)** simpler procedures for maintaining bank accounts in BRL by individuals and legal entities domiciled abroad; and
- (iii)** clearer electronic systems for registering foreign investments with the Central Bank of Brazil (Banco Central do Brasil, “BACEN”).

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The definition of foreign capital is broad in Brazil and does not only cover monetary values entering the country from abroad. **For example, the following may all qualify as foreign capital if owned by a non-resident:**

- (i)** money transferred into Brazil;
- (ii)** machinery, equipment, and other tangible assets brought into the country;
- (iii)** trademarks, patents, and certain intangible assets;
- (iv)** financial assets and rights.

**Two federal authorities are central for foreign investors to be aware of:**

- (i)** BACEN, which is responsible for the registration, monitoring, and reporting of foreign capital;
- (ii)** the Federal Revenue Service (Receita Federal do Brasil, “RFB”), which is responsible for the taxation of investments, profits, and capital gains.

Under Brazilian law, foreign and domestic capital are granted equal legal treatment, provided that foreign capital is properly registered with BACEN.

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**FOREIGN AND DOMESTIC  
CAPITAL RECEIVE EQUAL  
LEGAL TREATMENT IN BRAZIL.**

Brazilian law requires that foreign capital invested in Brazil – including direct investment, external credit, and portfolio investments – be registered with BACEN on a declaratory basis and subject to thresholds set out in applicable regulations.

The Brazilian company receiving the investment, or the legal representative of the foreign investor, enters the information directly into the electronic systems. There is no prior authorization procedure in which BACEN evaluates or approves the investment.



The registration of foreign capital is carried out through electronic systems operated by BACEN, currently grouped under the Sistema de Prestação de Informações de Capital Estrangeiro (“SCE”), accessed via the Central Bank’s online platform, Sisbacen.

**Registration is performed in different modules depending on the type of transaction and its classification:**

- (i)** foreign direct investment;
- (ii)** cross-border financial operations, such as loans, import financing, and other credit operations;
- (iii)** portfolio investments.



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Foreign direct investment is reported through the Sistema de Prestação de Informações de Capital Estrangeiro – Investimento Estrangeiro Direto (“SCE-IED”).

Cross-border credit transactions are registered in a parallel system, the Sistema de Prestação de Informações de Capital Estrangeiro – Crédito Externo (“SCE-Crédito”). Portfolio investments in financial and capital markets are registered in the specific portfolio module (“RDE-Portfolio”).

All information in these registries must be kept up to date, for example, when capital is increased, reduced, or converted, or when corporate reorganizations occur.

Registration with BACEN has concrete legal and operational effects, as it forms the basis for remitting dividends and interest on equity abroad, repatriating invested capital (e.g., upon sale or liquidation), and registering reinvested profits as new foreign capital. As long as the underlying registration is in order and taxes are correctly handled, authorized banks can process payments without requiring individual approval from BACEN.

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Every foreign investor that holds assets or carries out investments in Brazil must obtain a tax identification number. Individuals receive a CPF number (Cadastro de Pessoa Física), and legal entities receive a CNPJ number (Cadastro Nacional da Pessoa Jurídica).

Foreign investors must also appoint a legal representative residing in Brazil to receive summons and subpoenas in lawsuits and administrative proceedings, and to represent the investor before the RFB.

In practice, this representative is often granted broader powers, including representing the investor at shareholders' meetings, signing corporate documents on its behalf, interacting with local authorities (such as the Commercial Registry and BACEN), and executing authorizations required under the company's articles of association.

A foreign company wishing to conduct business in Brazil on a regular basis in its own name, without incorporating a local legal entity, must generally operate through a branch. Establishing a branch requires prior specific authorization from the Executive Branch of the federal government. In practice, this alternative is seldom used, as it involves a time-consuming procedure.

In practice, except for this structure, it is not possible to “do business from Helsinki” in Brazil, other than through pure import-export transactions that do not require a local establishment. To operate locally – including hiring employees and issuing Brazilian invoices – a local presence is required.

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# RESTRICTIONS ON FOREIGN

## INVESTMENT

Brazil is generally very open and receptive to foreign investment and, broadly speaking, allows non-resident investors to access the same instruments available to residents. However, certain sectors are either closed to foreign capital or subject to specific limitations and approvals before an investment can be carried out.

**Foreign ownership is, as a rule, prohibited in activities reserved for the Federal Government or for Brazilian-controlled entities, including:**

**(i)** activities involving nuclear energy;  
**(ii)** certain healthcare-related activities, subject to the cases and limits set out in specific legislation;  
**(iii)** postal services covered by the federal postal monopoly;  
**(iv)** certain strategic aerospace activities, such as the launching and positioning of satellites and related space transport services, without prejudice to foreign participation in the manufacture and trading of aerospace goods.

**In other sectors, foreign capital is permitted but subject to additional restrictions, such as ownership caps and/or prior authorizations. Examples include:**

**(i)** the acquisition of rural land and properties located in border zones;  
**(ii)** financial institutions;  
**(iii)** news and broadcasting media;  
**(iv)** mining and the exploitation of mineral resources, which generally require concessions, permissions, or authorizations that may only be granted to companies incorporated under Brazilian law, with head office and management in Brazil.

Currently, companies providing public air transport services may have up to 100% foreign capital, provided that they are Brazilian companies duly licensed by the aviation authorities.

In practice, foreign investors should therefore conduct a sector-by-sector regulatory analysis to determine whether any prohibitions or restrictions apply, together with the standard registration requirements applicable to foreign capital. An early understanding of these restrictions and registration requirements is essential to ensure that the investment structure is both compliant and operationally capable of receiving funds and enabling future remittances abroad.



# SETTING UP A

# BUSINESS IN BRAZIL

Setting up a business in Brazil still requires navigating a relatively formalistic legal and bureaucratic environment, particularly when foreign entities are involved. Public authorities and registries generally only accept documents in Portuguese and in the format prescribed by law. As a rule, all foreign documents must first be legalized under the Hague Apostille Convention in their country of origin and, once in Brazil, translated by a sworn public translator (tradutor juramentado) to be accepted by registries, tax authorities, and other government bodies.

At the same time, the process of incorporating a company has become noticeably more accessible in recent years. The integration of federal, state, and municipal procedures through the national business registration system, together with the growing digitalization of the state Commercial Registries (Juntas Comerciais), means that many steps can now be completed online, from filing the articles of association or bylaws to obtaining a CNPJ and local tax registrations.

In practice, however, timelines and requirements still vary significantly by state, municipality, sector, and, depending on whether there are foreign shareholders, additional licenses or registrations may be required before operations can begin. Against this backdrop, careful planning of the corporate structure, early organization of the necessary foreign documents (apostille and sworn translations), and the involvement of local legal and accounting advisors from the outset are key.

# Company Forms

## in Brazil

Brazilian law offers a wide range of legal vehicles, but in practice, foreign investors mostly operate through Brazilian subsidiaries. The standard starting point is to decide between incorporating a limited liability company, the Sociedade Limitada (or simply Ltda.), or a corporation, the Sociedade Anônima (S.A.).

The Ltda., due to its simpler and more cost-efficient structure vis-à-vis the more complex structure of an S.A., is by far the most commonly used form for inbound direct investment, while also providing limited liability protection at the level of the Brazilian entity.

A Ltda. is generally the preferred vehicle for small and mid-size operations and for wholly owned subsidiaries. It is governed by the Brazilian Civil Code (Law No. 10,406/2002, Código Civil), and its capital is divided into quotas rather than shares.

Governance is typically simpler and less costly to maintain, incorporation documents are relatively flexible, and there is no requirement to publish financial statements or corporate acts in the same way as for S.A.s, except where specific regulations apply. Recent reforms allow an Ltda. to be formed with a single quotaholder, which is attractive where a foreign group seeks a wholly owned Brazilian subsidiary under a streamlined structure.

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### SOCIEDADE LIMITADA (LTDA.)

- **Legal framework.** Governed primarily by the Brazilian Civil Code (Law No. 10,406/2002) and the company's articles of association (contrato social).
- **Single or multiple holders.** A Ltda. may be incorporated by a single quotaholder (Sociedade Limitada Unipessoal) or by several quotaholders.
- **Capital structure.** Share capital is divided into quotas (quotas de capital), which may have equal or unequal nominal values.
- **No general minimum capital.** There is no statutory minimum capital for Ltdas (except for sector-specific regulations).
- **Limited liability.** Quotaholders are not personally liable beyond their commitment to pay in the subscribed capital.
- **Profit distribution.** Profits are generally allocated in proportion to the quotas held, but the contrato social may provide for disproportionate profit sharing, provided all partners participate, and the arrangement is clearly defined.
- **Governance.** Management is exercised by one or more administrators (administradores), who may be quotaholders or third parties.
- **Capital markets.** Ltdas are not designed for capital-market access, and their quotas cannot be publicly offered or listed as securities.

An S.A. is closer to a classic corporation and is governed by the Brazilian Corporations Law (Law No. 6,404/1976). Its capital is divided into shares, and it may be either closely held or publicly held (listed). S.A.s are typically used for larger or more capital-intensive projects, joint ventures with more sophisticated governance structures, or where access to capital markets or structured equity instruments is envisaged. They are subject to more demanding governance, disclosure, and publication requirements, which increase ongoing costs but provide a more robust framework for minority protection and complex shareholder arrangements.

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## SOCIEDADE ANÔNIMA (S.A.)

- **Legal framework.** Governed by the Brazilian Corporations Law (Law No. 6,404/1976) and the company's bylaws (estatuto social).
  - **Shareholders.** As a rule, an S.A. must have at least two shareholders (individuals or legal entities, Brazilian or foreign).
  - **Capital structure.** Share capital is divided into shares, which may be common (ordinary) or preferred, and grouped into different classes with distinct political and economic rights.
  - **No general minimum capital.** There is no statutory minimum capital (except for sector-specific regulations).
  - **Profit distribution.** Dividends are distributed pro rata, subject to preferences defined in the bylaws.
  - **Higher formality.** S.A.s are more formal in terms of incorporation, governance, and ongoing compliance.
  - **Governance bodies.** A Board of Executive Officers (diretoria) is mandatory; a Board of Directors (conselho de administração) is mandatory for listed companies and optional for others.
- **Limited liability.** Shareholders are not personally liable beyond the capital committed.
  - **Capital markets.** S.A.s may issue securities and, if registered with the CVM, access capital markets.
  - **Disclosure.** Corporations must prepare, approve, and publish annual financial statements.

As mentioned above, foreign groups sometimes consider operating through a Brazilian branch instead of incorporating a local company. This is legally possible but much less common. Opening a branch requires prior authorization from the Federal Government, along with submission of corporate documents evidencing the foreign company's existence and good standing, followed by registration with the Commercial Registry.

Even after recent procedural simplifications, the authorization phase remains more complex and burdensome than incorporating a new Brazilian company, and the head office is generally exposed to the branch's obligations. For this reason, most new entrants opt for a subsidiary structure to ring-fence Brazilian risks and maintain greater flexibility for future joint ventures, acquisitions, or exits.

## Other Ways of

# Doing Business in Brazil

Foreign investors do not necessarily need to set up a Brazilian entity from day one. A common first step is to use contractual structures with Brazilian intermediaries or partners, while keeping the foreign company as the contracting party abroad.

One option is operating through **sales representation**. Under the Brazilian Commercial Representation Law (Law No. 4,886/1965), an independent commercial representative (individual or company) may promote sales on behalf of the foreign principal, usually on a commission basis and without taking title to the goods. The representative and the contract must be registered with the relevant regional CORE (Conselhos Regionais dos Representantes Comerciais). If the foreign company terminates the agency agreement without cause, the law generally requires payment of a statutory indemnity to the agent, as well as compliance with minimum notice periods and payment of any commissions already earned.

Another option is a **distribution** agreement, under which the Brazilian distributor purchases and resells products in its own name and at its own risk.

There is no specific “distribution statute”; instead, the Brazilian Civil Code and general contract law apply. Unlike commercial agents, distributors do not have an automatic statutory right to termination indemnity, although courts may award damages depending on the circumstances.

Brazilian law allows contractual exclusivity. However, the Brazilian Civil Code presumes territorial exclusivity in certain agency and distribution relationships if not expressly excluded. Therefore, contracts should clearly address exclusivity and territorial scope, taking into account plans for a local presence.

Another common structure, typically used for larger or project-based investments, involves consortia (consórcios) or unincorporated joint ventures with Brazilian partners. A consórcio, governed by the Brazilian Corporations Law, is a contractual association of companies for a specific project (often infrastructure or concessions) without creating a separate legal entity. Each member remains liable as agreed, and the arrangement must be documented and, in many cases, registered.

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Another typical structure is the sociedade em conta de participação (“SCP”), an unincorporated joint venture regulated by the Brazilian Civil Code. It exists only between the parties: the active partner contracts with third parties and bears external liability, while the silent partner contributes capital and shares in the results. The SCP has no separate legal personality and is widely used for specific investment projects.



## OVERVIEW OF THE

# BRAZILIAN TAX SYSTEM

The Brazilian tax system, outlined by the Federal Constitution of 1988 and regulated by extensive infra-constitutional legislation, is characterized by high regulatory complexity and a multiplicity of taxes levied on various economic bases. The constitutional division of powers among the Union, States, Federal District, and Municipalities aims to ensure financial autonomy for federative entities, while imposing material and formal limits on tax activities.

In this context, an analysis of the national tax system reveals an environment marked by intense litigation, a large number of ancillary obligations, and a significant administrative burden on taxpayers. Brazilian taxes are levied primarily on three economic bases: income, consumption, and assets.

**BRAZILIAN TAXATION IS  
BASED ON INCOME,  
CONSUMPTION, AND ASSETS.**



## The National

## Tax System

The Brazilian tax structure consists of taxes, fees, special contributions, and compulsory loans, each with its own purpose and legal framework. The Federal Constitution establishes the following fundamental principles, which govern the establishment, collection, and enforcement of taxes: legality; anteriority; non-retroactivity; equality; contributory capacity; and the prohibition of confiscation.

The system's complexity stems from the coexistence of multiple legislating and tax-collecting entities, different regimes, and overlapping complementary rules, normative instructions, and administrative and judicial rulings. This regulatory dispersion leads to high compliance costs and frequent judicial disputes.

The enactment of the Brazilian Tax Reform is expected to substantially improve this scenario. The reform seeks to simplify the tax system by unifying multiple consumption taxes into a dual value-added tax model, reducing normative fragmentation, cumulative taxation, and interpretative disputes.

By adopting a broader tax base, full non-cumulativity, and clearer rules on tax credits, the new framework aims to lower compliance costs, increase legal certainty, and mitigate the structural causes of tax litigation. Additionally, the standardization of legislation and procedures across federative entities is expected to rationalize ancillary obligations and strengthen transparency, fostering a more predictable and efficient tax environment for taxpayers and tax authorities alike.



## Income Taxation

### IRPJ and CSLL

#### Corporate Income Tax (IRPJ)

IRPJ is levied on the profits of legal entities, as regulated by Decree No. 9,580/2018 (“Income Tax Regulation” – RIR/2018).

#### The legislation provides for three calculation regimes:

- Actual Profit, mandatory for large companies and financial institutions, in which accounting profit is adjusted by additions, exclusions, and offsets provided for by law;
- Presumed Profit, a simplified regime for companies with annual gross revenue of up to R\$ 78 million, in which the taxable base is determined based on legal presumptions applied to revenue;
- Arbitrated Profit is applicable on an exceptional basis when accounting records do not meet legal requirements.

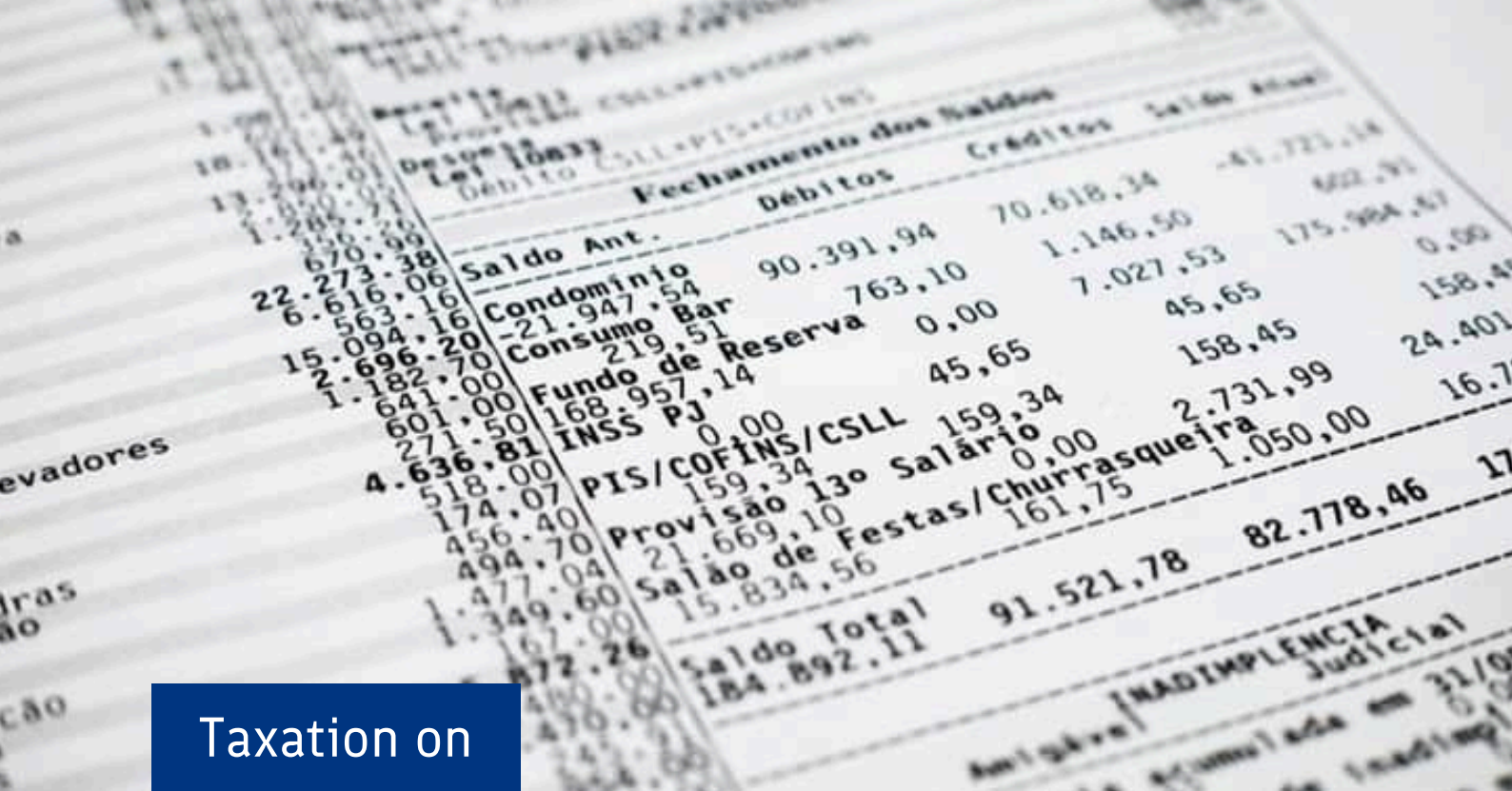
## Social Contribution

### on Net Income (CSLL)

The CSLL finances social security and is levied on the adjusted profits of legal entities, generally following the calculation method adopted for IRPJ.

#### The applicable rates are:

- 9% for most economic activities;
- 15% for financial institutions, insurance companies, and similar entities.



## Taxation on

## Consumption

Taxation on consumption represents a significant portion of national tax revenue and is recognized as one of the most complex areas of the system.

There are four main taxes:

### **ICMS – Tax on the Circulation of Goods and Services (States)**

It applies to transactions involving the circulation of goods, interstate and intermunicipal transportation services, and communication services. Rates generally range from 17% to 20%, and may be higher for specific products.

### **IPI – TAX ON INDUSTRIALIZED PRODUCTS (FEDERAL GOVERNMENT)**

It applies to domestic and imported industrialized products. Rates vary according to the TIPI (Tabela de Incidência do IPI) and can range from 0% to over 300%, reflecting selectivity based on essentiality.

### **PIS and COFINS – Revenue Contributions (Federal Government)**

These contributions are subject to cumulative and non-cumulative regimes:

- Cumulative regime: PIS 0.65%; COFINS 3%;
- Non-cumulative regime: PIS 1.65%; COFINS 7.6%, with the possibility of tax credits in cases provided by law.

### **ISS – Service Tax (Municipalities)**

It applies to the provision of services listed in Complementary Law No. 116/2003. Rates vary between 2% and 5%.

# Brazilian Taxes

By level of government

TAX	TAX BASE	GENERAL RATE
<b>1. FEDERAL TAXES</b>		
IRPJ	Corporate profit	15% + 10% additional
CSLL	Corporate profit	9% / 15% (financial institutions)
IRPF	Individual income	0% to 27.5%
PIS / COFINS	Gross revenue	0.65%–3% / 1.65%–7.6%
IPI	Industrialized products	0% to >300%
IOF	Financial transactions	Variable
CIDE	Fuel / remittances	Variable
INSS	Payroll	~20% + contributions
<b>2. STATE TAXES</b>		
ICMS	Goods & services circulation	17%–20% (up to >25%)
IPVA	Vehicle ownership	1%–4%
ITCMD	Inheritance / donations	2%–8%
<b>3. MUNICIPAL TAXES</b>		
ISS	Services	2%–5%
IPTU	Urban property	0.2%–1.5%
ITBI	Real estate transfer	2%–3%
<b>4. OTHER</b>		
Fees (Taxas)	Public services	Variable

The national tax system, although supported by solid constitutional principles, is highly complex in both regulatory and operational terms. The coexistence of different federative entities with their own taxing powers, combined with the multiplicity of assessment regimes and the profusion of ancillary obligations, results in significant challenges for taxpayers and for the State itself.

A structured understanding of the Brazilian taxation model is therefore fundamental for proper tax compliance and for the critical analysis of the tax reforms currently under debate in the country.

# PROTECTING INTELLECTUAL

## PROPERTY

Intellectual property assets include, for example, trademarks, patents, industrial designs, geographical indications, and copyrights. Brazil has a mature system for the protection of these rights, upheld by court practice and largely aligned with TRIPS and major international conventions (such as Paris, Berne, PCT, and Madrid). Core industrial rights, such as patents, trademarks, and industrial designs, are governed by the Brazilian Industrial Property Law (Law No. 9,279/1996, the “LPI”).

The National Institute of Industrial Property (Instituto Nacional da Propriedade Industrial, “INPI”) is the federal authority responsible for the registration of industrial property rights.

Regarding **trademark protection**, Brazil is a first-to-file jurisdiction. Trademarks are registered with INPI under the LPI, while trade names (nome empresarial) are registered with the Commercial Registry (Junta Comercial) upon incorporation of the company. A Brazilian trademark registration grants 10 years of protection from the date of grant, renewable for successive 10-year periods, provided renewal fees are paid. Brazil adheres to the Nice Classification and, through the Madrid Protocol, allows international designations, enabling foreign applicants to designate Brazil.

Brazil is a member of the **Patent Cooperation Treaty** (“PCT”), and many foreign applicants, including Nordic companies, typically enter Brazil through the PCT national phase, which must be initiated within 30 months from the priority date. Under the LPI, patents of invention have a 20-year term, and utility models have a 15-year term, both counted from the Brazilian filing date (or the international filing date in PCT cases).

Substantive examination is not automatic, and the applicant must request examination within 36 months of the filing date; otherwise, the application is deemed abandoned.

**Industrial designs** (the ornamental appearance of products) are also protected through registration with INPI. The registration term is 10 years from the filing date, renewable for three additional 5-year periods (maximum of 25 years), subject to quinquennial maintenance or renewal fees. To be registrable, the design must be new and original. Brazilian law also provides a 180-day grace period for disclosures made by the creator or authorized third parties, allowing registration even after limited prior marketing or exhibition.

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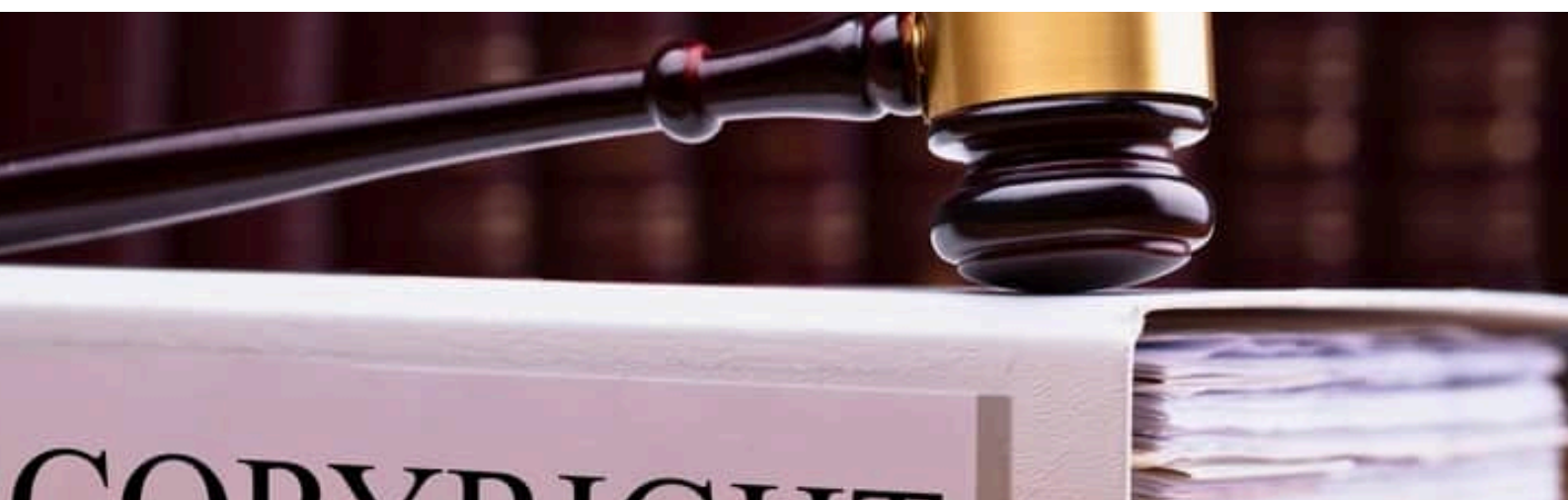
**Copyright** is governed by a separate Brazilian law, namely Law No. 9,610/1998. Protection arises automatically upon creation of the work, and registration is not mandatory, although it is often recommended as evidence of authorship. Economic rights generally last for the life of the author plus 70 years, counted from 1 January of the year following the author's death, while moral rights (such as the right to be identified as the author and to preserve the integrity of the work) are perpetual. Software is protected under a copyright-like regime, subject to the Brazilian Software Law (Law No. 9,609/1998). Economic rights last for 50 years from 1 January of the year following the program's publication or, if unpublished, its creation.

In practice, effective protection of sensitive know-how and other business secrets relies heavily on robust NDAs, confidentiality and IP clauses in employment and commercial contracts, and internal information security measures. Under Brazilian law, unauthorized disclosure or use of trade secrets may constitute unfair competition and a criminal offense, in addition to giving rise to civil liability.

Assignments and licenses of intellectual property rights may be voluntarily recorded with INPI, and such recordal is strongly recommended. Registration gives the agreement effectiveness against third parties, supports enforcement in Brazil, and remains relevant for tax treatment and for the remittance of royalties abroad. Although recent foreign exchange reforms have simplified Central Bank procedures, INPI recordal continues to be the standard mechanism used by companies to document and support cross-border royalty payments.

IP rights are enforced before state and federal courts. In major commercial centers such as São Paulo and Rio de Janeiro, there are specialized IP courts, and criminal provisions exist for counterfeiting and unfair competition under the LPI and the Brazilian Criminal Code.

For Nordic companies, early filing in Brazil (before market entry), consistent contractual IP clauses in local relationships, and the strategic use of INPI recordals are all central to an effective IP strategy in Brazil.



# BRAZILIAN

# LABOR LAWS



Brazilian labor and employment law is federal and largely uniform across the country. The main statute is the Labor Law Consolidation (Consolidação das Leis do Trabalho, “CLT”), complemented by the 2017 Labor Reform, which modernized several rules and, among other things, strengthened the role of collective bargaining. From a general standpoint, Brazilian labor laws are protective of employees and grant them several rights vis-à-vis the employer.

## **Employment relationships are defined by certain key elements:**

- (i)** services are rendered by the worker;
  - (ii)** continuously;
  - (iii)** under the direction and control of the company;
  - (iv)** in exchange for remuneration.
- Where these elements are present, Brazilian courts tend to recognize an employment relationship regardless of contractual labels.

Attempts to use consultancy agreements, service companies, or other arrangements to disguise what is substantively an employment relationship, therefore, create a risk of reclassification and retroactive labor liabilities.

The standard hiring model is an indefinite-term employment contract, subject to the CLT and any applicable collective bargaining agreement (“CBA”). Fixed-term contracts are allowed only in specific situations. Every company and employee is mandatorily linked to a sectoral and territorial union, even if they are not union members in the Nordic sense.

Unions negotiate CBAs that can validly adjust working time arrangements, regulate overtime compensation, and add mandatory benefits beyond the legal minimums. Before market entry, it is therefore important to identify which unions and CBAs will apply to the planned activities and locations.

Concerning labor costs, employees are, in addition to the agreed monthly salary, entitled to a 13th salary (an extra annual salary usually paid in two installments) and to 30 days of paid vacation per year, with a statutory vacation bonus of one-third of monthly pay. Working time is generally limited to 8 hours per day and 44 hours per week, with overtime subject to a premium and often further regulated in CBAs. Employers must also deposit 8% of the employee’s monthly remuneration into the FGTS fund, which is an individual severance account held for the employee.



# COMPLIANCE CONSIDERATIONS

## WHEN ENTERING THE MARKET

Brazil is a civil law jurisdiction with a dense and highly sector-driven regulatory framework, supervised by federal, state, and municipal authorities. For foreign companies, a key takeaway is that there is rarely a single license or regulator that “covers everything” – each activity must be mapped against overlapping rules and agencies. Enforcement is active, both through administrative proceedings and through the courts, with frequent individual lawsuits, class actions, and actions brought by public prosecutors and regulatory bodies.

### Anti-Corruption

Corruption has long been a structural concern in Brazil, but the legal landscape has changed significantly over the past decades. Influenced by the OECD Anti-Bribery Convention and other jurisdictions, Brazil has developed a modern framework to combat money laundering and corruption, coupled with strong supervisory powers for authorities such as the Central Bank of Brazil (Banco Central do Brasil, “BACEN”).

Nordic groups that already operate at a high EU compliance standard start from a strong position in this regard, but this alone is not sufficient. Brazilian legislation, case law, local guidance, and sectoral rules introduce specific obligations and practices that must be addressed separately. In practice, a Brazil-specific compliance program is essential, even for groups that are otherwise mature and compliant in other jurisdictions.

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At the core of this framework is the “Clean Company Act”, in force since 2014. It establishes strict liability for legal entities, meaning that a legal entity may be held liable for corrupt acts committed for its benefit by employees, intermediaries, or other third parties. Violations may result in significant fines based on revenue, mandatory publication of the decision, and, in serious cases, prohibition from public tenders and access to public financing.

## Financial

## Markets

Brazil's financial system is governed primarily by Law No. 4,595/1964, which establishes the National Monetary Council ("CMN") and the Central Bank of Brazil ("BACEN"). The CMN sets overall monetary and credit policy, while BACEN regulates and supervises banks and other financial institutions.

Financial institutions operate under various types of licenses, each subject to detailed CMN and BACEN regulations. All such institutions require prior authorization, which involves a robust licensing process, documentation, and assessment of the controlling group.



## Environmental

## Law

Brazil has one of the most developed environmental law frameworks in Latin America. Depending on the activity, location, and potential environmental impact, industrial, infrastructure, and natural resource projects may be subject to environmental licensing and additional sector-specific permits.

Non-compliance may trigger administrative, civil, and criminal liability. Administrative sanctions may include fines, embargo or suspension of activities, and other restrictions under the applicable infractions regime. Civil environmental liability is strict and focuses primarily on remediation and compensation. Criminal liability may also arise under the Environmental Crimes Law, including, in certain circumstances, for legal entities as well as individuals.

Brazil also now has a statutory framework for a regulated carbon market. Law No. 15,042/2024 created the Brazilian Emissions Trading System, while voluntary carbon initiatives continue to coexist with this developing regulated framework. This is particularly relevant for emissions-intensive sectors such as energy, industry, and agribusiness.

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## Food and

## Agribusiness Sector

The food and agribusiness sector in Brazil is also strictly regulated, with responsibilities divided between the Ministry of Agriculture (Ministério da Agricultura e Pecuária, “MAPA”) and the health regulator Anvisa (Agência Nacional de Vigilância Sanitária).

MAPA oversees the production and products of animal and plant origin, regulates the sector, and defines policies and international trade requirements. Anvisa is responsible for processed foods, food safety, and sanitary authorizations, including rules on when products and packaging must be registered, notified, or communicated to authorities.

Labelling is a central compliance issue, as mandatory information must appear in Portuguese. Brazil has also introduced front-of-pack warnings for products high in added sugar, saturated fat, or sodium, in addition to detailed nutritional and allergen rules. Importers, distributors, and local establishments must be licensed and may be held jointly liable for non-compliant or unsafe products.



## Healthcare

## Sector

Brazil’s healthcare and life sciences sector is one of the most heavily regulated areas in the country. Public healthcare is delivered through the Unified Health System (Sistema Único de Saúde, “SUS”), while the supplementary private health sector, including health insurance, is regulated by the National Regulatory Agency for Private Health Insurance and Plans (Agência Nacional de Saúde Suplementar, “ANS”).

On the product side, the key authority is Anvisa, which oversees sanitary control, pre-market approval, and post-market surveillance of medicines, medical devices, cosmetics, and other regulated products. Medical devices and pharmaceuticals are subject to risk-based classification, registration, and good manufacturing practice requirements, and may only be commercialized through authorized channels.

Healthcare providers must hold the appropriate licenses and are subject to administrative, civil, and consumer law liability.

## Data

## Protection

Brazil's General Data Protection Law (Law No. 13,709/2018, "LGPD") is Brazil's GDPR-style data protection framework. It applies broadly to any processing of personal data carried out in Brazil or targeting individuals in Brazil and is enforced by the national data protection authority (Agência Nacional de Proteção de Dados, "ANPD").

LGPD defines personal data as any information relating to an identified or identifiable natural person and creates a separate category of "sensitive personal data" (for example, health data, biometric data, political or religious views), which is subject to stricter rules.

## Artificial

## Intelligence

Artificial intelligence is rapidly expanding in Brazil, and the regulatory framework remains under development. The main legislative initiative is Bill No. 2,338/2023, which was approved by the Federal Senate in December 2024 and has been under review in the Chamber of Deputies since 2025.

As under the GDPR, there is a distinction between the controller (who determines why and how personal data is processed) and the processor (who processes data on behalf of the controller), and both must comply with LGPD obligations and ANPD guidance.

The law is structured around legal bases for processing (consent, legitimate interest, contract, legal obligation, etc.), transparency requirements, data subject rights, security obligations, and rules on international data transfers.

For Nordic companies already operating under the GDPR, there is substantial alignment with Brazil's LGPD, and existing governance structures can often be leveraged, subject to Brazil-specific adaptations. In January 2026, the European Commission and Brazil adopted mutual adequacy decisions, which means that personal data may, in principle, flow between the EU/EEA and Brazil without the need for additional transfer safeguards. This should facilitate EU-Brazil data flows, although companies must still comply with the substantive requirements of the GDPR and the LGPD.

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The bill adopts a risk-based approach, broadly influenced by the EU AI Act, and proposes stricter obligations for certain categories of AI systems, particularly those considered high-risk. Key themes include governance, transparency, human oversight, accountability, safety, and sanctions.



# A STRATEGIC

# OPPORTUNITY

Brazil offers a unique combination of scale, diversity, and long-term potential. As the largest economy in Latin America and a key player across sectors such as energy, agribusiness, industry, and technology, the country continues to present meaningful opportunities for international companies.

**BRAZIL COMBINES SCALE,  
COMPLEXITY, AND LONG-TERM  
OPPORTUNITY.**

At the same time, Brazil requires preparation, local understanding, and a structured approach to market entry.

Regulatory complexity, cultural dynamics, and operational challenges are part of the landscape – but for companies that approach the market with the right strategy, these factors can be successfully navigated.

For Nordic companies, Brazil represents not only a large domestic market but also a strategic platform for expansion across Latin America and the Caribbean.

With the right partnerships, governance, and long-term perspective, Brazil can become a strong and sustainable component of international growth strategies.

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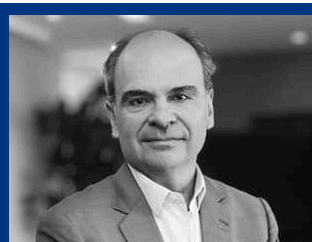
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Together, the contributors combine local insight and international perspective, supporting companies in navigating Brazil's business environment with clarity and confidence.

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Pacheco Neto Sanden Teisseire Advogados (“PNST”) is a São Paulo-based full-service business law firm with a strong international presence and long-standing work with Nordic clients, including several Finnish companies.

Through its dedicated Nordic Desk, PNST assists Finnish and other Nordic businesses with market entry, corporate structures, commercial contracts, M&A, taxation, compliance, and dispute resolution in Brazil, while also supporting Brazilian investors looking north.

Positioned within both the Brazilian legal system and the Nordic business community, the Nordic Desk functions as a practical bridge – a single contact point fluent in both regulatory systems, languages, and expectations.

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MAY 2026