A D I P E C

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"How to Export Products Cosmetics and Perfumes for Brazil" (Commercial, Logistic and Transport Aspects)

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Before exporting any product to Brazil, the exporter must be aware of current legislation. Import procedures in Brazil are complex and bureaucratic. We quote below the most relevant items. Any failure of some of these items may cause delay in release, significant fines and even loss of load.

Part 1 - Trade conditions / Logistics / Transportation

1.1 - **Definition and Classification of Goods Tax**

The products to be exported must be classified using the code NCM / NBM. This framework will set the tax rate levied on the goods, reasonable administrative and treatments will help identify benefits from reduced tax rates through international agreements or national legislation.

The administrative processing involves: defining what consenting agencies LI not automatic (Anvisa, MAP, Min Army, ETC) requirements or minimum price for quota-regulated DECEX, etc.

1.2 - **Trade Conditions**

The exporter and importer prior to shipment shall define the terms of trade involving the negotiation of purchase / sale. These terms must be clearly stated in the invoice. The main terms to consider are:

a) Definition of variety and quantity of goods, price and payment method: It is important to note that the price of imports in Brazil is regulated by local authorities. Therefore, the negotiated price should be equated to the international market price. If, for example, a shipment of samples without payment, you must declare the correct value of the goods used to calculate taxes.

b) Definition of the destination: for being a country of continental dimensions, the port / airport of arrival in Brazil must be agreed in advance between the parties. There was significant variation in the share prices of shipping when there is change in the destination port.

c) Modal definition of Incoterms and (Ex-works, FOB, CFR, CIF, DDU, etc.): this point is critical in international trade. Both exporter and importer must know incoterms to properly define the terms of purchase. The definition of incoterm alters not only the final price of goods as a liability on the cargo. For example, the sale ex-works, the importer bears the costs for logistics from the factory of the exporter and also assumes responsibility for any faults that occur in this route.

d) Issuing commercial invoice: after defining the terms of trade mentioned above, the exporter issuing the commercial invoice as Brazilian legislation.

1.3 - Cost Estimating

Before performing the export, the exporter can get an idea of the final price of the goods nationalized in Brazil. The final price for the domestic market will be obtained by adding to the FOB price of the commodity value of the following costs: Shipping International Insurance International Transportation, Import Tax (II), Tax (IPI), PIS, Cofins Bank Charges, Fees and Charges for Port Storage, VAT, Customs Broker & Freight Domestic, etc... As mentioned above, the tax rate varies by tax classification of the goods.

1.4 - Issue shipping documents

The Brazilian legislation is very strict with the shipping documents for import. Once shipped the goods, the exporter, the importer must send the documents required for customs clearance and release the same in Brazilian Customs.

MANDATORY import documents in Brazil are:

1) Commercial Invoice: It must be made under current law = Customs Regulations, Article 557, regulated by decree 6.759/2009
2) Packing list
3) Bill of Lading
4) Others: depending on the type of cargo or its origin, other documents may be required, such as certificate of origin, phytosanitary certificates, catalogs, etc..

Part 2 - Tax and customs clearance

After arrival of the goods in Brazil and in possession of shipping documents, the importer may begin to make customs clearance for imports. Customs clearance is a procedure whereby the tax authority authorizing the customs entry of imported goods in the country through its physical and documentary check and pays their taxes and customs fees.

The customs clearance procedure may vary by mode:

2.1 - Import regimes

Brazilian law permits the importation into different types of regime. The most common are
:
a) Consumption-to-import for domestic consumption in Brazil. There is full payment of taxes on imports.

b) Customs warehouse the goods arrive in Brazil and stored in bonded warehouses under suspension of taxes until nationalization since the beginning of the import clearance or return of goods abroad. The period of stay in the warehouse is 1 to 2 years.

c) Temporary: it is used when the goods will remain temporarily in Brazil. Import duties are paid proportional suspended or standing time. Normally this system is used for goods or capital goods for exhibitions and fairs, do not apply to consumable products.

2.2 - Import rules

The importer in Brazil can you download on your own or choose to outsource this service. In outsourcing the implementation and management aspects of operational, logistical, bureaucratic, financial, tax, inter alia, the importation of goods are transferred to a specialist. Currently, two forms of outsourcing operations of foreign trade are recognized and regulated by the Federal Revenue Secretariat (SRF), the import on behalf and on demand and imports. The IRS Web site, see link below contains more specific information on how to import. (Http://www.receita.fazenda.gov.br/Aduana/ContaOrdemEncomenda/default.htm)

2.3 - Customs Clearance Procedures:

2.3.1 - Record ID

The DI (import declaration) is the electronic document that consolidates information exchange, tax, tax, business statistics and operation of an import of goods, whose processing takes place through the Integrated Foreign Trade - Siscomex.

Upon the registration of IDPs the importer makes the payment of taxes on imports: II, IPI, PIS, Cofins and GST.

The registration of the DI features the beginning of import customs clearance and will be effective only after physical verification and / or documentary, as the following cases:

2.3.2 - Analysis of DI

Wait for the analysis of customs depending on the assigned channel on the DI. The conference will select the Customs orders for each of the following channels:

a) Green channel - the goods are released without the examination of documentary or physical inspection of goods. The importer shall deliver the bill of lading endorsed to customs and other documents, but no conference.

b) Channel yellow - the goods will be released after the examination of documents without a physical check and preliminary examination of the value.

c) Red channel - the goods will be cleared only after the document review and physical conference.

d) Gray Channel - by which the clearance is only performed after the document review, verification of goods, and preliminary examination of the valuation and payment of all taxes levied on the value that Customs considers surplus.

Processed these steps, the IRS will issue SISCOMEX, the Import Certificate (IC), which prove that the goods are released for consumption or trade.

2.3.3 - Marketing and Tax Records / Accounting

After issuance of the imported merchandise CI is able to be marketed in this country.
The importing company must keep on file financial documents pertaining to import procedure: invoice, DI-Import Declaration, Import Certificate (IC), Commercial Invoice, Contract of Exchange, Bill of Lading and Darfs tax paid. These documents must be kept for five years.