

# ICMS Ecológico

Tax incentives for biodiversity conservation

## The Brazilian experience

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# Contextualization.

- The Brazilian tax system in brief and the 3 spheres of government (Union, states and municipalities).

# What is ICMS?

- Imposto sobre a Circulação de Mercadorias e Serviços (ICMS) – Merchandise Circulation and Services Tax.
- State tax (75% to the state and 25% to its municipalities).
  - At least  $\frac{3}{4}$  according to the circulation of goods and services.
  - Up to  $\frac{1}{4}$  according to state law.

# From ICMS to ICMS –E.

- Tax incentive for biodiversity conservation. “Green VAT”.
- Environmental criteria for the allocation of the resources.
- Implemented in 16 states and ongoing debate in 8 states.

# An overview of Paraná experience.

- Based upon the concept of Conservation Areas and other protected areas.
- 3 steps:
  - information on conservation areas other protected areas;
  - calculation procedure;
  - publication and dissemination of the results.
- Results.

# Ways forward and final considerations.

- Expansion and optimization of the ICMS-E.
- Strengthening of the policies on protected areas.
- Tax incentives for biodiversity conservation are supplementary and do not replace the financial mechanisms established under the provisions of Article 21 of the CBD.

# Thank you!

Any doubts?

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