

# CASES

NESI INTELLIGENCE FOR BUSINESS

## Lei do Bem [Brazil]: How to Structure the Innovation Process and Secure Tax Benefits



Companies seeking to benefit from the Lei do Bem tax incentives often face the challenge of lacking a continuous and structured process to document R&D activities. Without proper organization, many projects fail to meet eligibility requirements, compromising up to 27.2% of the potential tax return on the investments made.

To ensure full access to the benefits, it is essential to demonstrate innovation through clear and technically sound evidence.

This requires the integration of departments such as engineering, accounting, and tax from the outset of each project, minimizing rework and missed opportunities. Lack of preparation can result in forfeited tax credits—effectively leaving money on the table.

### Challenge

Despite developing innovative projects, the company lacked a structured process to record and validate these activities. The absence of integration between departments and well-defined technical criteria led to the loss of tax incentives, with projects being excluded from the Lei do Bem report.

### Solution

To capture the fiscal and strategic value of the Lei do Bem, two key initiatives were implemented:

- **Implementation of a Formal R&D Process:** A continuous process was established to classify, describe, and validate innovation projects. Teams were trained based on the criteria required by the MCTI, ensuring technical compliance and alignment with tax regulations. This resulted in a direct increase in the IRPJ and CSLL deduction base, generating gains of up to 27.2% on R&D investments..
- **Creation of an Integrated Approval Workflow:** Technical, accounting, and tax teams began working together from the early stages of each project, ensuring proper documentation and streamlining the preparation of the annual report. This integration eliminated bottlenecks and maximized the use of tax incentives, turning innovation into direct financial return for the company.

### Key Differentiators

- **Continuous Evidence:** Records maintained throughout the year, audit-ready, avoiding losses and last-minute improvisation at the end of the fiscal period..
- **Cross-Department Engagement:** Alignment between engineering, accounting, and tax teams, ensuring technical accuracy and legal compliance.
- **Clear Technical Criteria:** Detailed descriptions of technical uncertainties, risks, and advancements, as required by legislation.
- **R&D Governance with Fiscal Focus:** An organized R&D structure designed to deliver not only innovation but also financial return through tax incentives.

### Results

- **Maximum Utilization of Lei do Bem:** The company began recovering up to 27.2% of its R&D investments through additional IRPJ/CSLL deductions.
- **Elimination of Losses from Undeclared Projects:** With the structured process in place, previously overlooked initiatives were identified, documented, and included in the Lei do Bem reports.
- **Accounting Gains and Fiscal Security:** Reduced rework, risk of disallowance, and inconsistencies with tax authorities, with all data validated and audit-ready.
- **Transformation of Innovation Culture:** The company began to view innovation as a strategic investment with measurable return, rather than merely a technical expense..

For companies seeking to innovate effectively, NESI Intelligence for Business offers solutions that structure the R&D process and ensure full utilization of the benefits provided by the Lei do Bem.