

Tax elimination on terminal handling charges of the sectoral importers: assessing the economic effects in Brazil

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In Brazil, the terminal handling charges (THC) at destination for import cargo occurs between the unloading of the goods in the national territory and the customs clearance. This rate inflates the customs value of imported products and the basis for charging all imports on Brazilian imports. Incompatible with the rules of the World Trade Organization (WTO), this practice distorts the competitive trends of Brazilian sectors in the domestic and foreign markets, whose concern is recurrent of the Brazilian commercial policy. Our study contributes to this debate in course and analyzes the economic impacts of THC in the calculation basis for the incidence of taxes. We estimated the annual average THC and simulate their removal in Brazilian import values from a SAM and R&D based computable general equilibrium (CGE) model. With policy change, the main findings indicate the Brazilian economy would become more industrialized and with greater technological intensity in the long run. Investment in physical capital and R&D would grow, while the export and foreign trade agenda would become more diversified in manufactured goods, even with the greater penetration of imports. The expansion of the private sector would ease future dependence on the public sector in the generation of knowledge and physical capital.

Keywords: Tax policy; Imports; Brazilian ports; Economic Impacts; dynamic CGE model.

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