

# Top travel retailers examine Brazilian government approval for land border duty free shops

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ASUTIL President and Dufry General Manager Brazil & Bolivia Gustavo Fagundes

As confirmed by ASUTIL President Gustavo Fagundes at the Summit of the Americas conference on March 19, Brazil's Department of Federal Revenue has approved regulations that will allow for land border duty free shops.

This means that stores subjected to a special taxation regime - similar to the ones that exist in airports and ports - will be able to operate along Brazil's borders, selling tax free items to international travelers.

ASUTIL President and Dufry General Manager Brazil & Bolivia Fagundes told delegates during the Summit of the Americas in Orlando that Brazil's border store regulation was finally passed on March 16, opening opportunities for suppliers and operators. This move will allow duty free stores in some 32 cities in Brazil on the border.

Carlos Rabat, President of Duty Free Americas' Brazil operation, has said that his team are looking into the market potential of the areas contemplated by such regulations, according to Brazilian newspaper Folha de Sao Paulo.

The stores are to be built in municipalities bordering towns that are situated in a neighboring country. There are approximately 30 such cities in Brazil, a third of which are in the state of Rio Grande do Sul.

When travelers make a purchase, they will have to present an ID card and their CPF (Cadastro de Pessoas Físicas/taxpayer identity card) card to the Department of Federal Revenue so that it can keep track of how much money was spent.

Travelers will have a US\$300 tax-free ceiling that will get renewed every 30 days. There are also limits when it comes to certain products, such as alcoholic beverages and cigarettes, the newspaper said.

Brazil passed a bill in 2012 authorizing land border duty free shops, but only recently did it manage to approve the proper regulations needed for such shops to begin operating.