



Attachment  
*Biblioteca Informa* Newsletter  
No. 2113

## São Paulo Government regulates the Sports Incentive Program

---

June 27 - June 30, 2010

---

Written by

- **Marcelo Mazon Malaquias**
- **Otávio Henrique C. Bertolino**

Partner and Associate of the Tax Area of Pinheiro Neto Advogados

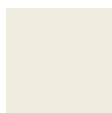
---

1. With the announcement that Brazil will host the FIFA World Cup in 2014 and that the Olympic Games will be held in the city of Rio de Janeiro in 2016, there has been a surge of investments and incentives targeted to sports, among which the “Sports Incentive Program” created by the State of São Paulo.
2. The State Sports Incentive Law No. 13918 of December 22, 2009 created opportunities for companies in the state to support sports projects organized by civil society through sponsorship or cash donations deriving from the waiver of ICMS by the São Paulo State Government. That is, the State will give up part of its ICMS revenues so that companies can invest these funds directly in projects approved by the São Paulo State Sports, Leisure and Tourism Office (SELT).
3. Under CAT Ordinance 96, of June 23, 2010, issued by the São Paulo Tax Administration Coordination Office, the São Paulo Government regulated the grant of ICMS tax credits to provide financial support for sports projects that make up this Program. For the 2010 fiscal year, the Finance Office under Resolution SF-56/10 established a cap on tax relief at R\$ 40,000,000.00 (in the aggregate) to be allocated to sports projects accredited under the Program.
4. Accreditation to the Program is obtained by accessing the Electronic Tax Station – PFE website at the electronic address [www.pfe.fazenda.sp.gov.br](http://www.pfe.fazenda.sp.gov.br). After accreditation, the taxpayer company will also be eligible to participate in the “Cultural Action Program – PAC” and may consult the list of projects approved by SELT for Program members, selecting to which project the funds will be channeled. ICMS taxpayer companies can allocate 0.01% to 3% of the payable tax, capped at 0.2% of the total state revenues.
5. Before allocating any funds to a sports project included in the Program, the

---

For internal use only. A copy of the acts mentioned in this newsletter may be provided by the Library upon request. This material does not purport to offer legal advice or counsel.

© 2010 Pinheiro Neto Advogados. All rights reserved.



## São Paulo Government regulates the Sports Incentive Program

---

June 27– 30, 2010

---

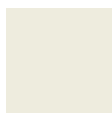
accredited taxpayer should consult the Notice of Accreditation as Program Sponsor ([www.pfe.fazenda.sp.gov.br](http://www.pfe.fazenda.sp.gov.br)), which confirms its qualification and informs, among other items (i) the taxpayer's individual limit percentage-wise; (ii) the maximum amount authorized as a tax credit; and (iii) the month of validity of the qualification.

6. After selecting the project to be sponsored, the taxpayer will issue a bank payment slip, which shall state the selected sports project as the beneficiary. The company that perchance allocates funds to two or more projects must print as many payment slips as the projects to be sponsored, and the sum of these payment slips shall not exceed the cap authorized for the month of qualification.

7. In addition to accreditation and qualification in the Program, the credit granted shall be conditioned to the taxpayer that (i) is in good standing with the São Paulo tax authorities, regarding compliance with the main and ancillary tax obligations; (ii) has ascertained the tax to be paid in the immediately previous year or in another period; and (iii) transfers the corresponding amount to the Sports Incentive Program in the same month that the credit was entered in the ICMS Tax Register in the chart "Tax Credit – Other Credits". Therefore the amount earmarked to the sports project shall be appropriated as a granted credit and deducted from the ICMS tax payable. In practice, the State will give up revenues in favor of approved projects.

8. According to Decree 55636/10, the proposed Fund Recipient is the public or private nonprofit legal sports entity that has undertaken to raise the funds and manage the project, and such responsibility for presenting, implementing and rendering accounts is non-delegable. It should moreover be stressed that projects cannot charge any sums to the beneficiaries.

9. Sports projects, which are defined as a group of systematic actions developed by sports entities and contemplate educational social and sports activities, ranging from sports to parasports activities that the São Paulo Government is looking to stimulate, are related to the following areas: (i) **educational**: focusing on instructional or extracurricular sports activities as part of the basic education; (ii) **sports education**: focused on initiation and general motor development of children and adolescents; (iii) **sports performance**: activities that finalize education and initiate sports performance in a technological and methodological manner; (iv) **social sports**: those using sports as a tool for social inclusion; (v) **participative area**: (a) focused on the participation of persons in sports events that avoid selectivity and hypercompetitiveness of participants; and (b) focused on distribution of free tickets for sports and parasports events; (vi) **sports management and development**: focused on qualification and training, seeking to develop and enhance management for sports administration, techniques and equipment; and (vii)



## São Paulo Government regulates the Sports Incentive Program

---

June 27– 30, 2010

---

**infrastructure:** focused on construction, renovation and adaptation of sports areas, equipment and facilities situated in public areas.

10. Article 3 of Decree 55636/10 prohibits the use of funding for (i) lectures and courses other than on sports themes; (ii) sponsorship in favor of projects that directly benefit individuals or legal entities related to the sponsor; (iii) payment of salaries to athletes or remuneration to management entities; (iv) expenses for maintenance and organization of highly profitable professional teams; and (v) purchase of advertising space in any communication media.

11. This is an interesting opportunity for São Paulo ICMS taxpayer companies to support and contribute to sports projects developed by civil society. On the part of the State, this program permits interested parties to earmark funds originally intended for ICMS to the development of sports projects and to follow up on these projects ensuring that the best results will be achieved.

São Paulo, June 30, 2010.