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## **Law 11,438 of December 29<sup>th</sup>, 2006 – Federal Law on Sports Incentive**

Art.1. From the 2007 to, and including, the 2015 calendar year, it may be deducted the income tax due assessed in the Statement of Annual Adjustment by individuals, or in each assessment period, quarterly or annual by the legal entity taxed based on actual profits, the amounts spent on sponsorship or donation for direct support of sports and parasports projects projects previously approved by the Ministry of Sports. (Text by Law 11,472/07)

§ 1 The deductions referred to in the caput of this article shall be limited to:

I – for legal entities, 1% (one percent) of the tax due, subject to the provisions of §4, art. 3, of Law 9,249, of December 26<sup>th</sup>, 1995 in each assessment period; (Text by Law 11,472/07)

II - for individuals, 6% (six percent) of the tax due in the Statement of Annual Adjustment, jointly with the deductions referred to in art. 22 of Law 9,532, of December 10<sup>th</sup>, 1997.

§2 Legal entities cannot deduct the amounts referred to in the caput of this article for the purposes of determining the actual profits and the basis for calculating the Social Contribution on Net Income - CSSL.

§3 The benefits referred to in this article do not exclude or reduce other tax benefits and deductions in force.

§4 The amounts meant for sponsorship or donation favoring projects that directly or indirectly benefit an individual or a legal entity connected to the donor or sponsor are not deductible.

§5 Are considered to be connected to the sponsor or donor:

I - the legal entity of which the sponsor or donor is owner, administrator, manager, shareholder or partner at the date of the transaction or in the prior 12 (twelve) months;

II - the spouse, relatives up to the third degree including collaterals and the dependents of the sponsor, donor or owners, administrators, shareholders or partners of a legal entity connected to the sponsor or to the donor pursuant to subsection I of this paragraph;

III - the legal entity that is an affiliated, matrix or subsidiary or having as holders, administrators, shareholders or partners any of the persons referred to in item II of this paragraph.

Art. 2. The sports and parasports projects that will be favored by resources to be raised and addressed upon the incentive provided in this law shall meet at least one of the following modalities according to the terms and conditions specified in the regulations: (text by Law 11,472/07)

I - educational sports;

II – participation sports;

III - performance sports.

§1 The sports projects aimed at promoting social inclusion through sports, preferably in communities of social vulnerability may receive the resources arising from the incentives provided in this law.

§2 It is forbidden to use the resources arising from the incentives provided in this Law for the payment of compensation to professional athletes according to Law 9,615, of March 24<sup>th</sup>, 1998, in any sport.

§3 The proponent cannot raise for each project, including sponsorship and donations, an amount superior to that approved by the Ministry of Sports as per art. 4 of this Law.

Art. 3. For the purposes of this Law it is considered:

I – Sponsorship

a) the free and permanent transfer of cash to carry out sports and parasports projects, to the proponent referred to in item V, caput of this article, aimed at promotional and institutional advertising; (Text by Law 11,472/07)

b) the coverage of expenses or the use of goods or real estate from the sponsor without the transfer of it dominium, to carry out sports and parasports projects by the proponent referred to in item V, caput of this article; (Text by Law 11,472/07)

II - donation:

a) the free and permanent transfer to the proponent referred to in item V, caput of this article, of cash, goods or services for the implementation of sports or parasports projects, provided that it will not be used for advertising, even for marketing the activities of the project; (Text by Law 11,472/07)

b) the free distribution of tickets to sports and parasports events by a legal entity to its employees and their legal dependents, or to members of communities of social vulnerability; (Text by Law 11,472/07)

III - sponsor: the individual or legal entity, income tax taxpayer, that supports projects approved by the Ministry of Sport according to item I, caput of this article;

IV - donor: individual or legal entity, income tax taxpayer, that supports projects approved by the Ministry of Sport according to section II, caput of this article;

V – proponent: a public legal entity or a non-profit private legal entity of sports nature that have projects approved under this Law.