

O INCENTIVO FISCAL PARA A ÁREA SOCIAL: UMA REFLEXÃO SOBRE AS LEIS DE INCENTIVO E O CASO DO ESPORTE NOS PAÍSES LATINOS DA AMÉRICA DO SUL

TAX INCENTIVES FOR THE SOCIAL SPHERE: A REFLECTION ON INCENTIVE LAWS AND THE CASE OF SPORT IN THE LATIN COUNTRIES OF SOUTH AMERICA

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ABSTRACT

Tax incentive laws are configured as a public policy that creates a special rule within the tax system in order to induce the taxpayer's behavior. In practice, it works by allowing the population to direct part of an outstanding tax to a social policy, like in sport. One of the discussed aspects of this mechanism is whether it also establishes private investments, given that the portion that the population directs to social policies is a percentage of an outstanding tax, in other words, it is a public resource. This paper explored the history of tax incentive laws for the social area, looking at Brazil, Peru, Uruguay and Chile, Latin American countries that have this type of mechanism for the sports area. We identified that, in the Brazilian case, the lack of provision for the functioning of the private resources mechanism is due to the Brazilian government's fear that this would hinder the approval of this legislation in the legal instances. Peru and Uruguay have similar mechanisms, but they are focused on performance sport. In Chile, the policy covers various sporting events, but makes use of a public investment fund to balance out the distortions caused by the private allocation of resources. In the case of Brazil, Peru and Uruguay, the hosting of sporting Mega-events was a pressure factor for the approval of tax incentive legislation. As for Chile, the of high levels of sedentarism among the population contributed to the theme being strongly present in the country's General Sports Regulations.

Keywords: Sports incentive law. Public financing. Public policy for sport and leisure.

RESUMO

As leis de incentivo fiscal se configuram como uma política pública que cria uma regra especial dentro do sistema tributário visando induzir o comportamento do contribuinte. Na prática, permitem que população direcione parte de um imposto devido para uma política social, como o esporte. Um dos aspectos discutidos desse mecanismo, é se ele também estabelece investimentos privados, uma vez que a parcela que a população direciona as políticas sociais é um recurso público. O trabalho explorou o histórico das leis de incentivo fiscal, abordando o Brasil, Peru, Uruguai e Chile, países latino-americanos que possuem esse tipo de mecanismo para a área esportiva. Identificamos que, no caso brasileiro, a falta de previsão no funcionamento do mecanismo de recursos privados se deve ao receio do governo de que dificultaria a aprovação desta legislação nas instâncias legais. O Peru e o Uruguai possuem mecanismos similares, mas focados no esporte de rendimento. No Chile a política atende várias manifestações esportivas, mas faz uso de um fundo de investimento público para equilibrar as distorções causadas na alocação privada do recurso. No caso do Brasil, Peru e Uruguai, a realização de Megaeventos Esportivos foi fator de pressão para a aprovação da legislação de incentivo fiscal. Já no Chile, o alto nível de sedentarismo da população colaborou para que o tema estivesse presente na Norma Geral do Esporte do país.

Palavras-chave: Lei de incentivo ao esporte. Financiamento público. Política pública de esporte e lazer

Introduction

The redemocratization of Brazil in the 1980s was formally marked by the promulgation of the Federal Constitution of 1988 (CF/88), which broadened the responsibilities of the Brazilian State with regard to citizenship rights. In the expansion of constitutional social rights, articles 6 and 217 appear as the normative foundation of leisure and sport, respectively¹. The constitutional formalization of these social elements was not accompanied by material conditions for their realization, which added to a lack of prestige from the state, corroborated a history of low budget allocations, not reaching 1% of the federal public budget².

The first years after the CF/88 were followed by intense infra-constitutional discussion to formulate the General Sports Standard, initially with the Zico Law (Law nº. 8.672/1993)³, later replaced by the Pelé Law (Law nº. 9.615/1998)⁴, but which made little progress in terms of public funding for the expansion in the number of people with access. The federal state arrangement also underwent changes, as the Sports Secretariat of the Presidency of the Republic (1991-1992) became the Ministry of Sport (2003-2018), a structure that for the first time gave relevance to the issue of the social right to sport and leisure on the public agenda of social policies.

However, the Ministry of Sport has the smallest budget. This led to the need to look for an alternative source of public funding to supplement the budget for the area. Inspired by the experience of the Rouanet Law/Cultural Incentive Law (Law nº. 8.313/1991)⁵, a policy that allows taxpayers to support cultural projects and then deduct part of the amount as a credit on their Income Tax (IT) Declaration, the Ministry of Sport began to request a similar mechanism to promote actions performed by sports civil society organizations (CSOs).

In 2006, the Ministry of Sport drafted a bill on the subject and sent it to the National Congress. The urgent request speeded up the bill's progress, which was approved in the last plenary session of the Chamber of Deputies that year, generating Law nº. 11.438/2006⁶, which became popularly known as the Sports Incentive Law. Unlike previous public funding policies, which had focused primarily on the manifestation of income, the Sports Incentive Law also included the promotion of educational and participation sports actions.

According to the Brazilian Federal Revenue Office, the tax exemption affects the taxpayer by increasing their economic power by not collecting the tax. However, the tax exemption adopted by social incentive laws originally involves a form of triangulation, in which the tax benefit no longer only affects the taxpayer, but also the third party who will receive part of the resource that would otherwise be taxed. Therefore, this type of policy uses two driving strategies: 1) direct participation in "public affairs", by allowing taxpayers to allocate part of their tax to a social area; and 2) increasing investment in social areas, because the amount earmarked for action is not fully deducted from tax, so there are private resources joining public investment.

This operating mode of public policy became known worldwide as patronage, referring to Caius Cilnius Mecenas, minister of the roman emperor Gaius Julius Augustus (74 BC and 8 AD)⁷ and responsible for a policy of investment in the arts. In this way, the two driving strategies of state patronage policy seek to encourage the private sector to take responsibility for social causes or, in other words, the contemporary creation of the Patron figure.

However, the sports tax exemption model opted to remove the financial counterpart from the private sector, which means that the full amount of the support could be deducted from the IT Declaration, converting private capital into indirect public investment. This means a change in the way this type of funding policy works. The removal of the second gear from the institutional design of the Sports Incentive Law (financial counterpart) meant that the business sector gained fame by stamping its mark, but in theory the sports patron is the Brazilian State itself, which fully assumes the investment burden.

In order to understand the motivations behind the change in Brazilian sports patronage, this study sought to broaden knowledge about tax incentive laws for the social area, initially exploring how the Sports Incentive Law works in Brazil, and then how it works in Peru, Uruguay and Chile, the three Latin American countries in South America that also have sports patronage.

Methodology

For the production this work, qualitative, exploratory-descriptive research was conducted, which has methodological relevance as a way of increasing general understanding of a social phenomenon⁸. In the case of Brazilian state patronage, the focus was on the analysis of primary sources, which used both the reports of parliamentary committees, the justifications for proposals, bills and laws approved by the National Congress, as well as the transcript of the parliamentary debate held in the Chamber of Deputies and the Federal Senate.

In the second part of the documentary research, we looked at the websites of the federal parliaments of the Latin countries of South America to identify those that had tax incentive mechanisms for sport and leisure. To do this, we used key words in Spanish in the search system for legislation in each country's parliament. After understanding the similarities and differences in operation in relation to the Brazilian case, a secondary academic source was sought that could provide information on the effectiveness of the public policy.

In this context, of the nine latin countries in South America, we were only able to identify a sports patronage mechanism in three of them, namely Uruguay, Peru and Chile. Once we had located the original law, we started looking for information on the website of the country's executive branch, trying to locate the managing body and official documents that regulate the functioning of this funding policy. The information was organized in a comparative table separated into public policy inspection criteria. By standardizing the information, it was possible to ascertain whether the sports patronage policy in the foreign country adopted the system of a financial counterpart on the part of the private supporter or, as in the Brazilian case, signaled a false patronage.

Results and discussion

Sports Patronage in Brazil

Articles 6 and 217 of the CF/88 are the foundations of leisure and sport as social rights, respectively⁹. However, in anticipation of the preliminary draft of the Thematic Commission on Sport in the National Constituent Assembly, Federal Deputy and Constituent Antônio C. M. Thame (PSDB/SP) decided to present to the Chamber of Deputies Bill nº. 418, of March 2, 1988¹⁰, dealing with "tax benefits in the area of Income Tax and other taxes, granted to amateur sport". According to the parliamentarian, although amateur sport was a practice much appreciated by the population, public investment was insufficient, so private sports institutions played an important role to supply part of the popular desire. Faced with the inability of public funding, a public-private partnership policy was proposed, in which the State authorized taxpayers to deduct the amounts of support for sports institutions from their IT Declaration.

After a process full of conflicts and amendments to the original text, the Zico was approved. As a source of funding for sport, the legislation established part of the revenues from bingos and the Sports Lottery and also authorized the deduction from IT of the amounts donated by individuals or companies to sports management bodies, sports associations and athletes, as well as providing for future tax benefits granted in a specific law, the new embryo of the Sports Incentive Law³.

In 1998, The Pelé Law⁴ was approved, was an almost second parliamentary round of the Zico Law, thus keeping its principles, so much that its financing repeated the formula for promoting olympic sport through the collection of bingos and the Sports Lottery. Each year the net income from one of the Lottery tests was set aside for the Brazilian Olympic Committee (COB) and the Brazilian Paralympic Committee (CPB), while a second test was included in the years when the Olympic Games and Pan American Games were held. However, this resource was said to be insufficient for the development of a successful olympic program.

Two amendments on sports funding in the Pelé Law were presented, one by Senator Pedro Piva (PSDB/SP) and the other by Federal Deputy Agnelo Queiroz (PCdoB/DF), which were grouped together and converted into Law n°. 10.264, 2001¹¹, known as the Agnelo/Piva Law. This legislation amended art. 56 of the Pelé Law, creating a 2% aliquot on the gross revenue from federal lotteries to fund the COB and CPB, which represented a permanent budget during the year of around 30 million Reais at the time.

In 2003, the Ministry of Sport was created and, managing the smallest budget among the ministries, it began to adopt the goal of increasing the capital available for the sector. The subject of tax incentives for sport began to circulate in the corridors of the executive, to the point where it was mentioned in the speech by the President of the Republic Luiz Inácio Lula da Silva (PT/SP) at the opening ceremony of the First National Sports Conference.

The final deliberations of the Second National Sports Conference (2006) proposed the creation of tax incentive laws, at all three levels of government and in an equitable manner, to meet the demands of the different dimensions of sport¹². In this way, Bill 6.999 was sent to the National Congress, dealing with tax benefits for the sports area¹³. The event was in line with Brazil's strategy of international political projection in the following government of President Luís Inácio Lula (PT/SP), which was favorable to the structural situation of the approval of the tax incentive for sport (Law n°. 11.438/2006)^{14,15,16}.

The need for speedy approval reduced the chances of debate in the thematic committees, which meant that the authorized deduction remained at 100% of the funds contributed by the private supporter and that there was no aliquot differentiating between sponsorship and donation. Thus, the proposal was approved and became Law n°. 11.438/2006, which became popularly known as the Sports Incentive Law.

In its first year of validity, 13 private institutions benefited from around 50 million reais raised on the market, supplementing the Ministry of Sport's budget capacity. During the first eight years (2007-2015) of operation of the Law, the public policy became an important tool for promoting the work developed by sports civil society organizations, injecting around 1.3 billion reais into the sector.

In 2022, the text was sanctioned, which became Law n°. 11.439¹⁷, with the aim of extending the term of the Sports Incentive Law for another five years, until 2027. The Law also increased the deduction percentage for legal entities from 1% to 2% and for individuals from 6% to 7%, rules that would come into effect from the 2023 tax year. It also included the participation of universities and basic education schools, both public and private, as proponents of sports projects.

Sports Patronage in Chile

Through the website of the *Biblioteca del Congreso Nacional de Chile*, we identified a specific chapter in the Sports Law (Law n°. 19.712/2001)¹⁸ on the promotion of sport, which allowed part of the donation to be deducted from the IT Declaration. There was also a second modality, which allowed IT and Complementary Tax taxpayers to deduct part of the donation made to sports projects previously approved by the *Instituto Nacional de Deportes* (CHILEDEPORTES).

Unlike other South American countries, where sports patronage arose from specific legislation, in Chile the issue emerged in discussions on the National Sports Law, in a proposal forwarded by the government of the country's second civilian president, Eduardo Frei Ruiz-Tagle (PDC). It was a parliamentary process similar to what was attempted in Brazil with the Zico Law. During the government (1994-2000), the Consultative Council of the Presidency of the Republic of Chile was created to discuss the issue of sport and leisure, with the aim of building a diagnosis and proposing the essential lines of a national sports policy that would combine public and private efforts.

It took five years of parliamentary discussion before the Sports Law was approved, but as it was a very comprehensive piece of legislation, the executive branch opted to launch sector-specific decrees to regulate the text. Thus, in August 2001 Supreme Decree n.º 46¹⁹ was published, which dealt exclusively with the National Sports Promotion Fund (FONDEPORTE) and tax-exempt Donations for sports purposes²⁰.

Chile's Sports Law also transformed the former structure of the General Directorate of Sports and Recreation of the Ministry of Education into the Chiledeportes, a public entity with assets and administrative autonomy, which was linked to the Presidency of the Republic of Chile. From that, led to the formulation of the *Política Nacional de Actividad Física y Deporte*, a plan published in 2002, which aimed to massify physical activity and sport in the country, in an attempt to combat the high level of sedentarism, which affected more than 90% of the population¹³. With regard to tax incentive sports projects, the National Registry of Donations was created, which in its first public call registered 482 approved proposals, but only 21 managed to raise private funds in 2002, amounting to 770 million Chilean pesos^{20,21}.

In 2011 there was a change in the public call for projects eligible for tax exemption. Instead of holding a single edition of the year, four calls were made, with the first one accounting for 51% of the funds raised. For the CHILEDEPORTE, this strategy was the big difference in 2011, explaining the improved performance in fundraising, which reached 12.4 billion Chilean pesos²².

In 2013, the proposal became Law n°. 20.686²³, which amended the Sports Law, giving the character of a sports policy formulation and implementation body to the newly created Ministry of Sports, while CHILEDEPORTES was given the role of a supervisory body. However, before the Ministry of Sport was a year old, a case of alleged misuse of sports patronage projects had negative repercussions in the Chilean media.

In 2017, Supreme Decree n°. 34²⁴ was also published with new rules for sports patronage donations. In addition to further outlining the scope of the projects, three criteria were also created for the approval of proposals: 1) relevance of the sporting action; 2) consistency of the project's rationale; and 3) methodological, technical and financial viability of the project.

Although there have been changes in the way the program works, 2017 saw an increase in the number of projects that successfully raised funds, 627, with an annual total of 11.6 billion Chilean pesos. However, the concentration of projects (59.7%) and resources (43.0%) continued to predominate in the Santiago Metropolitan Region, as did the concentration of resources in the Competitive Sport (46.1%) and Labor Sport (14.0%) categories²⁵.

It is interesting to note that in the Chilean case, the patronage program works in conjunction with FONDEPORTE's project promotion policy, minimizing distortions in the distribution of resources through private decision-making. For this reason, it is important to understand sports patronage as one part of the many that form public sports policy in Chile.

Even though the Balance Sheets indicated problems with the functioning of Chile's sports patronage, in addition to the very cases of misuse of projects mentioned in the Chilean media, we cannot deny that public policy has been able to inject private resources into the sports scene, given that only around 62% of the financial contribution could be deducted from the IT Declaration. Thus, there is a "new" resource being added to public investment, stimulated by tax incentives for taxpayers.

Sports patronage in Uruguay

Through access to the website of the *Parlamento de la República Oriental del Uruguay*, we identified a specific piece of legislation, Law n°. 18.833/2011²⁶, the Sports Promotion Law. The sports patronage agenda in the country began with the Uruguayan Parliament sending Bill 440 *Promoción del Deporte* to the Ministry of Tourism and Sports in 2010. It should be noted that, as in Brazil, in Uruguay the sports patronage policy was implemented under the government of the political left, by then President José Alberto Mujica (MPP).

In Uruguay sport was not discriminated against in the 1967 Constitution of the Oriental Republic of Uruguay. Thus, in addition to creating the mechanism for sports patronage, the legislation also elevated sport to the public interest, especially soccer and basketball, sports that parliamentarians recognized as having a popular tradition and sports clubs with a professional category.

According to the sports minister at the time, the Sports Promotion Law would bring a step forward in the area's funding and could be considered a milestone, since it would represent a fundamental tool on the road to building a national sports system and maturing the text of the National Sports Law. Although the legislation was approved at the end of 2011, Decree n°. 312, which regulated it, was only enacted in 2012, enabling the program to function in 2013²⁷.

A particularity of the Uruguayan program, despite benefiting civil society sports organizations, is that it controls the financial contributions in an exclusive bank account, the responsibility for presenting the project lies with the federation to which it is linked (with the exception of soccer and basketball clubs, which have a professional category). Thus, there is a federative seal on the project, but at the same time as it tries to strengthen the sports production chain, it also creates a fear of penalties for the federation, as it assumes the role of proposer of the action.

Over the years, the law has undergone various adjustments, including: adding a seat for the sportspeople's representative on the Special Commission for project approval, which used to be composed only of ministerial members²⁹; making it possible for patrons and sponsors to take advantage of the tax deduction within the year itself and not just the following year, as was previously planned (2014); extending the period for submitting projects, if the approved projects do not reach the tax exemption ceiling (2015); setting a limit of 15% of the annual waiver (9.6 million Uruguayan Pesos) as the maximum amount per project (2015); empower the *Comisión de Proyectos Deportivos* (COMPRODE) to require sports entities to create a trust fund to manage the financial resources of the projects, that is, to be able to request that the resources in the bank account to be managed by a third-party administrator, reducing the federations' sense of risk in committing to projects with sports entities (2015); increasing the annual tax exemption from 64 to 80 million Uruguayan pesos for the period 2021 to 2024 (2021); and establishing a predictable timeframe for approving projects³⁰.

In the year 2013, the first year of the policy's implementation, 64 million Uruguayan Pesos were authorized for the program's annual tax waiver. A total of 17 projects were submitted, a low number even though the submission period was extended. Of these projects, only five met the requirements for approval, four of them from sports entities in the capital and one from the interior of the country^{31,22}.

From 2013 to 2018, 50 projects were approved, 37 of which involved investment in sports infrastructure and the other 13 in management, athlete training and education. These projects represented a total investment of 313 million Uruguayan pesos in sport, 110 million of which came from tax exemptions, meaning that 203 million Uruguayan pesos were invested by the private sector through the stimulus of public policy³³.

The Management Report of the Presidency of the Republic for 2020 presented the following data: 18 approved projects, of which two entered in 2018, 15 in 2019 and one in 2020. Another two projects for 2020 had already been recommended by COMPRODE and were just awaiting the executive branch's signature. These 20 projects (18 approved and 2 recommended) totaled just over 47 million Uruguayan pesos, which represented 74% of the amount authorized for the year³⁴.

In 2021, there were 46 projects submitted to COMPRODE, of which 24 were approved and 12 recommended, but were still awaiting authorization from the executive branch. Another nine projects were under analysis and only one project had been rejected due to non-compliance with legal regulations. The 36 approved projects represented an investment of more than 129 million Uruguayan Pesos, of which almost 68 million came from tax exemptions, a ratio of

almost 1:1, in other words, for every 1 peso that the Uruguayan government stopped collecting, the private sector invested another 1 peso³⁵.

In Uruguay, we noticed that the sports patronage policy is a program that is part of a larger sports development plan, the National Integrated Sports Plan of Uruguay. For this reason, the program was only applied as a strategy in the Federated Sport category, which is the facet of sport that has the greatest commercial visibility, mainly due to its ability to add institutional value by linking the athlete's image of success to the supporting companies. In order to encourage the business sector to get closer to sports civil society organizations, the State of Uruguay has used tax incentives to induce behavior, in order to reduce the cost of investment in sports marketing, but without giving up on private capital being injected into the sports sector.

Sports Patronage in Peru

By accessing the website of the *Congreso de la República del Peru* and the *Plataforma digital única del Estado Peruano*, we identified Law n°. 28.724/2006³⁶, Tax for sport, which establishes that 10% of the Tax on Casino Games and slot machines will be allocated to the Peruvian Sports Institute.

The history of sports patronage in Peru begins with the former volleyball athlete and silver medalist at the 1988 Seoul Olympic Games, Cenaida Cebastiana Uribe. After her career as an athlete ended in Italy (1995), Cenaida Uribe was elected to a seat in the Congress of the Republic of Peru, representing Lima. Her first action as a congresswoman was to present Bill 29, 2006, which dealt with the "tax incentive regime for private companies that support the promotion and development of sport at local, regional and national level". However, it was a technically weak proposal, with only two articles, which was soon shelved.

In 2009, the congresswoman presented a new attempt at sports patronage, Bill n°. 3.592, 2009. The proposal presented a rationale based on the right of the population to practice sport, due to the social and health values intrinsic to its practice, but also tried to demonstrate that the issue was in line with the country's current legislation, the Sports Law (Law n°. 28.036/2003³⁷) and the General Education Law (Law n°. 28.044/2003³⁸), and even with international legislative practices, such as the Patronage Law in Spain (Law n°. 49/2022).

In 2013, a new member of the sports wing was elected to Congress, the former athlete and captain of the Peruvian volleyball team Leyla Felícita Chihuán Ramos. As a parliamentarian, she presented Bill n°. 2.663, which proposed the creation of sports patronage. For the congresswoman, until now there had been no consistent policy of investment in sport, and the amounts were insufficient and lower than those invested by other South American countries, which reflected Peru's low relevance in international competitions. To justify the choice of the tax incentive model, the project also presented a survey of other countries that adopted a similar policy of encouraging private funding³⁹.

In 2015, the Commission of Education, Youth and Sport delivered an opinion in favor of approving the legislation, reissuing a single text from the merger of the two proposals. However, the Ministry of Economy and Finance was not in favor of approving the bills, arguing that the triangulation mechanism between patrons, sports CSOs and public authorities violated

the principle of causality. Furthermore, in addition to the agency's own concern about the loss of revenue and possible tax fraud, there was also the question of the legality of the initiative coming from the legislature, since it would be the exclusive competence of the executive branch to determine the value of the tax rate⁴⁰.

It was only in 2016, after the President of the Republic of Peru, Ollanta Humala, sent a letter with eight points of disagreement with the legislation, and the Committee of Education, Youth and Sport, formalized a report countering the inconsistencies and suggesting full approval of the text, that the proposals were converted into Law n°. 30.479/2016 called the *Ley de Mecenazgo Deportivo*⁴¹. The final provisions of the text of the Sports Patronage Law stipulated a 60-day deadline for the executive branch to draw up the operating rules and put them into practice. However, Supreme Decree 217, which regulates the legislation, was only published more than a year later. The 2019 Pan American Games in Lima brought a key opportunity to boost the sports industry and the Sports Patronage Law was an additional stimulus for private capital participation⁴².

Besides the income tax rebate, the Sports Patronage Law also authorized exemption from payment of customs duty in the case of importing sports equipment. However, few actions were encouraged in the period from 2018 to 2022, and of the 17 projects approved, five are by badminton athlete Adriano Viale Aguirre. Part of the criticism about the low effectiveness of the public policy lies in the percentage limit of 10% of net income, which is considered low, especially considering that in Peru there are no companies that earn enough for this percentage to be a relevant amount.

Of the 17 projects supported in Peru, five fall within the period of execution of the 2019 Pan American Games in Lima, of which four are actions to strengthen shooting sports athletes and one tennis athlete. Peru finished the Games in ninth place, showing that the result of sports patronage was of little significance to the country's performance in the ranking⁴³.

As is the case in Brazil, in Peru we do not have private resources actually being invested in the sports sector through the tax incentive mechanism, since all contributions can be deducted from IT Declarations. So we have private resources being converted into public investment, in a system of private credit by anticipating the payment of tax to sports projects. On the other hand, in Peru this funding policy has been restricted to the high-performance side of sport, but apparently it is not such a simple process to get projects approved, since there are few proposals identified.

Conclusion

In the Brazilian case, we notice that the legislation allowed the support amounts to be fully deducted, so that the private resource was absorbed as a public investment, but through a private credit system, since the taxpayer anticipates the IT resource in the current year and not in the following year, when the tax obligation would be settled.

Furthermore, there seems to be an erroneous understanding on the part of the Brazilian Federal Revenue Secretariat that IT taxpayers would be benefiting from the reduction in the tax paid, as they already have a fixed discount rate on the estimated amount of income. The same

argument is also used for individuals who file a simplified tax declaration. However, the beneficiary of the public policy is the civil society sports organization, which is the recipient of the funds and responsible for promoting sports activities that complement the state's efforts to guarantee the social right to sports and leisure.

Regarding the other latin countries of South America, we found specific legislation in Peru (Law n°. 30.479/2016) and Uruguay (Law n°. 18.833/2011), while in Chile the tax incentive was established in the General Sports Regulations (Law n°. 19.712/2001), along the lines of what was attempted in Brazil with the Zico Law. In the three South American cases, the mechanism was approved by governments from the left-wing political spectrum, although in the Peruvian case the initiative for the bill came from the legislature, initiated by former athletes who held parliamentary office.

Just as, in Brazil, the imminence of the 2007 Pan American Games was a factor in the pressure to approve the Sports Incentive Law, in Peru the choice of Lima as the host city for the 2019 Pan American Games contributed to the creation of sports patronage in 2016. In Uruguay, the government of President Tabaré Vázquez also wanted the country to host the FIFA World Cup in 2030, to commemorate the centenary of the first edition of the event held in the country, which later ended up incorporating related objectives into the legislation. We have noticed that Sports Mega-Events play a significant role in the confluence of the approval of tax incentive laws for the sports area.

The exception to the rule was Chile, which discussed the issue as part of a general rule on sport, which at first had the modernization of sport in the country as its central theme. However, as the parliamentary process was long, lasting more than five years, the debate was also reinforced the alarming health situation in which more than 90% of the Chilean population was sedentary, a very high rate, which gave physical activity and sport the character of a public health element.

Finally, far from trying to exhaust the subject of tax incentives in the area of sport, this work sought to contribute to the field of knowledge of the Sports Incentive Law, which is still in its incipient stages in the country, especially given the importance that the policy has gained over the years, almost being confused with the sports budget itself at the federal level.

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Editor: Carlos Herold Junior.

Received on April 22, 2024.

Reviewed on July 01, 2024.

Accepted on July 12, 2024.

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