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Brazil is Volvo Cars' fastest growing market worldwide

Anders Norinder, the company's President for Latin America

Funds in benefit of social responsibility

By Márcio Godoy and Karina Ruffo*

IN BRAZIL, THERE ARE MORE THAN 800 SOURCES OF FUNDS. THE VALUE OF THE FUNDS AND INCENTIVES, BOTH PUBLIC AND PRIVATE, AMOUNT TO AN IMPRESSIVE R\$ 65 BILLION PER YEAR. IT IS WORTH MENTIONING HERE THAT A LARGE PART OF THESE FUNDS IS NOT USED DUE TO LACK OF KNOWLEDGE AND THE RED TAPE INVOLVED IN THE PROCESSES.

In the new administrative order of companies, the budgets of each sector that comprise the managerial structure are limited due to the current tight financial situation at both national and international firms. Nevertheless, accompanying the contemporary entrepreneurial view (where it is essential to be involved in social responsibility actions), departments such as human resources, marketing, finances, administration, presidency or vice-presidency seek funds so that they may develop projects aimed at socio-environmental initiatives.

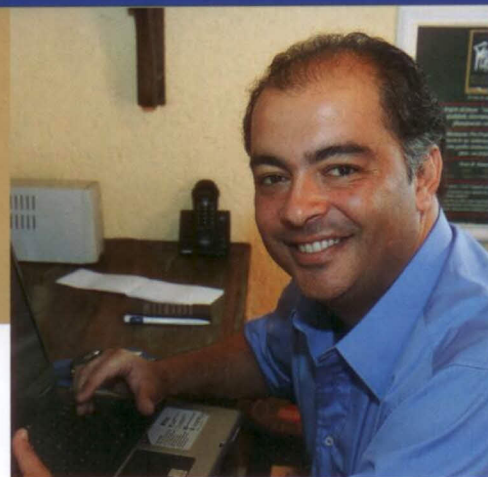
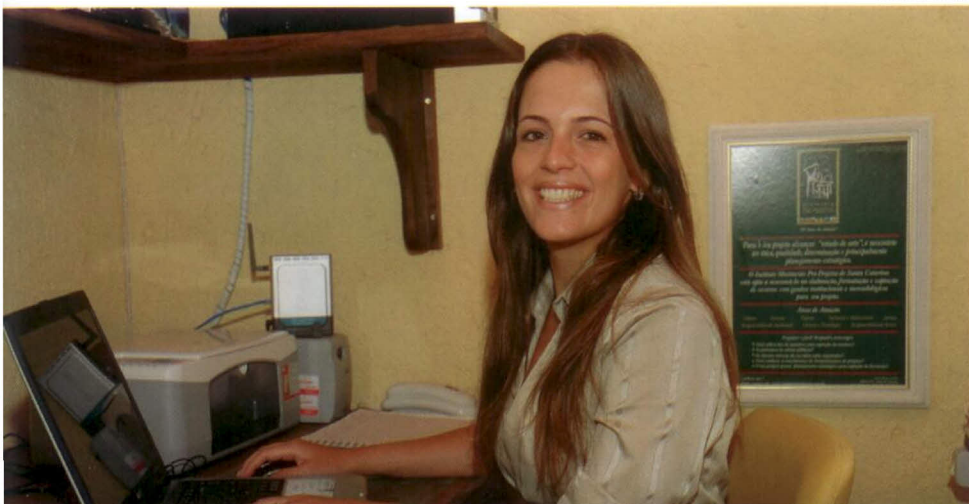
Although lack of knowledge predominates in the sector, currently there are fiscal incentives and public or private funds for the start-up and expansion of companies, the import of antiquities to form personal or museum collections, as well as sources of incentives that allow for the reduction of tax payments (such as the ICMS value-added tax

on products and services, Income Tax and ISS services tax), fiscal incentives that allow for the donation of land for the construction of factories, fiscal incentives for environmental, cultural and sports initiatives as well as for children and adolescents, audiovisuals, and science and technology projects, among others. In all, there are more than 800 sources of funds and incentives, public or private, that amount to the impressive figure of R\$ 65 billion per year in Brazil. And it is worth mentioning here that a large part of these funds is not used due to lack of knowledge and the red tape involved in the processes.

A book entitled "103 tips – what every company needs to know to use fiscal incentives" (by Márcio Godoy, Karina Ruffo and Kátia Seadi) is aimed at informing companies and their respective departments about how to use the fiscal incentive laws in a correct manner.



Karina Ruffo



Márcio Godoy

Here are some of these sources of funds:

- **Charity Law (United States)** – Use of up to 10% of Income Tax due in the U.S. aimed at social responsibility projects in Brazil;
- **Federal Sports Law** – Use of up to 1% of Income Tax due (real profit) for sports or paraplegic sports projects;
- **Rouanet Law** – Use of up to 4% of Income Tax due (real profit) for cultural projects;
- **Audiovisuals Law** – Use of up to 3% of Income Tax due (real profit);
- **FIA (Childhood and Adolescence Fund)** – Use of up to 1% of Income Tax due (real profit) for social projects in the areas of childhood and adolescence;
- **OSCIP (Civil Society Organization of Public Interest)** – The donating company must be taxed under the real profit regime and will be allowed to make a donation using the incentive up to a maximum of 2% of operating profit;
- **Teaching and research organizations** – The value of the donations made to these institutions can be deducted up to a limit of 1.5% of the operating profit (real profit);
- **ICMS States** – Use of up to 5% in projects in the areas of culture, social responsibility, sports or tourism (states of São Paulo, Rio de Janeiro, Santa Catarina, Rio Grande do Sul, Espírito Santo, Minas Gerais, Bahia, Pernambuco, Pará and Mato Grosso);
- **ISSQN/IPTU Municipalities** – Use of up to 20% in cultural and sports projects (Florianópolis and Itajaí/Santa Catarina, São Paulo/SP, Rio de Janeiro/RJ and Recife/PE).

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