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VAT on sponsoring contributions

The finance ministry has amended its VAT Implementation Decree to the effect that a charity is deemed to perform a service if it grants a sponsor an explicit right to propagate the sponsorship in his own advertising.

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It is sometimes difficult to distinguish between a service fee subject to VAT and a tax-free donation in respect of the contributions to charity by a sponsoring business. The finance ministry has now added to the guidance given in its VAT Implementation Decree with the remark that a recipient of a contribution may refer to the support given by the sponsor on posters, catalogues, event announcements or on its homepage without triggering a charge to VAT. This reference may include the name and logo of the sponsor, but should not be given particular prominence or include a link to the sponsor's own homepage. The sponsor may also refer to his sponsorship in his own media. However, there will be a charge to VAT if he does so in exercise of an explicit right to "market" his sponsorship as part of his own advertising.

Schlagwörter

sponsors, sponsorship