



# Donations and Corporate Partnership Taxation

The French Sponsorship Legislation of 1st August 2003 marked a turning point in the history of sponsorship and philanthropy in France.

With a new 60% rate corporate tax exemption for donations and increased maximum threshold, French sponsorship legislation is now one of the most attractive in Europe.

## French System

As of 22<sup>nd</sup> March, 2004, as a private institute of higher education, the **ESSEC Group** received joint approval from the French Ministries of Economy and Finance and National Education, to enable its donors to benefit from sponsorship legislation under the terms of the French General Tax Code (Code Général des Impôts).

Article 238b “Authorising a tax deduction equivalent to 60% of the amount donated, **up to a limit of 0.5% of turnover, by companies liable for income tax or corporation tax: [...] c) institutes of higher education or artistic education, public or private, which are not-for-profit, approved by the Minister responsible for the budget and the Minister for Higher Education or by the Minister for Culture.**”

<http://www.legifrance.gouv.fr/affichCodeArticle.do?idArticle=LEGIA RTI000022201580>

For all donations exceeding this limit of 0.5%, **the surplus can be carried over successively to the following 5 fiscal years** under the same conditions, after taking into account the year's payments.

## Examples : tax optimisation for a donation of €100,000

### 1. Case for a company having a turnover of €5 millions

- The maximum donation which may benefit from this exemption calculation is: €5,000,000 € x 0,5% = €25,000 per year.
  - For a donation of €100,000, it is possible to charge :
    - €25,000 the 1<sup>st</sup> year and deduct 60%, i.e. €15,000
    - €25,000 the 2<sup>nd</sup> year and deduct 60%, i.e. €15,000
    - €25,000 the 3<sup>d</sup> year and deduct 60%, i.e. €15,000
    - €25,000 the 4<sup>th</sup> year and deduct 60%, i.e. €15,000
- So, the global tax deduction obtained on these 4 years, for a donation of €100,000 is €60,000 and the net cost of the donation is €40,000.

### 2. Case for a company having a turnover of €10 millions

- The maximum donation which may benefit from this exemption calculation is: €10,000,000 € x 0,5% = €50,000 per year.
  - For a donation of €100,000, it is possible to charge:
    - €50,000 the 1<sup>st</sup> year and deduct 60%, i.e. €30,000
    - €50,000 the 2<sup>nd</sup> year and deduct 60%, i.e. €30,000
- So, the global tax deduction obtained on these 2 years, for a donation of €100,000 is €60,000 and the net cost of the donation is €40,000.

## Procedure to be followed to benefit from tax exemption

### 1. Draft agreement to be signed between ESSEC and the company

Draft agreements signed with ESSEC Development Campaign partner companies (financing of Chairs, Institutes, scholarship programmes, facility development, the Council on Business and Society etc) contain the following wording:

"Funds will be paid to ESSEC in the form of subsidies benefiting from the tax regulations stipulated in sponsorship legislation of 1st August 2003. A tax receipt will be sent to the partner company on receipt of the annual payment."

### 2. Tax receipt and return

Within 15 days of receiving the contribution in the form of a subsidy, ESSEC sends the partner company a tax receipt, which the company must submit with its tax return for the current year.

ESSEC sends you a tax receipt.

### CONTACT

Nicolas Burckel  
Director of Corporate  
Partnerships &  
Development Department

Tel. +33 (0)1 34 43 31 97  
nicolas.burckel@essec.fr

## Foreign System

### USA

Thanks to assistance from ESSEC Alumni USA, if you are a US taxpayer, you can donate to the ESSEC Foundation and benefit from tax deductions as stipulated in Article 501(c) paragraph 3 of the IRC (Impôt sur le Revenu des Collectivités) [local authorities income tax]. ESSEC Alumni USA collects donations intended for the Foundation and then transfers the amount of your donation to the ESSEC Foundation.

**Contact:** ESSEC ALUMNI USA  
François-Olivier Luiggi  
Tel.:(212) 613-8665 - Fax: (212) 613-8002  
francois.luiggi@setaififthavenue.com

### Europe

The TGE (Transnational Giving Europe), whom ESSEC Group benefits, is a partnership of European foundations and associations which facilitates the process of making a donation to a general interest organization located in a partner country, by ensuring it benefits from tax deductions within the country of residence. For information, please contact our partners in your country of residence:

**Germany: Maecenata Stiftung**  
Ms Veronika Hofmann - Tel.: +49 89 28 44 52  
tge@maecenata.eu

**Belgium: Fondation Roi Baudouin**  
Mr Ludwig Forrest - Tel.: +32 2 549 02 38  
tge@kbs-frb.be

**Bulgaria: Bulgarian Charities Aid Foundation**  
Ms Lyudmilla Atanassova - Tel.: +359 2 981 19 01  
tge@bcfa.org

### Hungary: Carpathian Foundation - Hungary

Ms Bata Boglarka - Tel.: +36 36 516 750  
boglarka.bata@cfoundation.org

### Ireland: Community Foundation for Ireland

Ms Helen Beatty - Tel.: +353 1 874 73 54  
tge@foundation.ie

### Italie: Associazione Vita Giving Europe Onlus (VGE)

Ms Camilla Speriani - Tel.: +39 02 552 29 83 33  
speriani@vitaconsulting.it

### Luxembourg: Fondation de Luxembourg

Mr Christian Theis - Tel.: +352 274 748 1 - tge@fdlux.lu

### The Netherlands: Oranje Fonds

Mr Theo Van Oosten - Tel.: +31 30 656 45 24  
tge@oranjefonds.nl

### Poland: Foundation for Poland

Ms Justyna Blinowska - Tel.: +48 22 54 25 891  
tge@fdp.org.pl

### Romania: Odorheiu Secuiesc Community Foundation

Mr Christopher Worman - Tel.: +40 74 934 72 99  
office@szka.org

### United Kingdom: Charities Aid Foundation (CAF)

Mr Keith Jefferies - Tel.: +44 3000 123 380  
tge@cafonline.org - les dons sont acceptés à partir de 250 £

### Slovenia: SKUP Skupnost privatnih zavodov

Ms Tatjana Strojani - Tel.: +386 4 23 448 04  
info@skup.si

### Switzerland: Swiss Philanthropy Foundation

Mr Mael Steiner - Tel.: +41 22 732 55 54 ou  
+41 22 321 77 37 - tge@swissphilanthropy.ch