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.

As of 22nd 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.”

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 1st year and deduct 60%, i.e. €15,000
     - €25,000 the 2nd year and deduct 60%, i.e. €15,000
     - €25,000 the 3rd year and deduct 60%, i.e. €15,000
     - €25,000 the 4th 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 1st year and deduct 60%, i.e. €30,000
     - €50,000 the 2nd 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.

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
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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:

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Ms Veronika Hofmann - Tel.: +49 89 28 44 52
tge@maecnena.eu

Belgium: Fondation Roi Baudouin
Mr Ludwig Forrest - Tel.: +32 2 549 02 38
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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
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