

August Decree: new tax credit for advertising investments in favour of sports clubs and associations

Focus on

Art. 81 of Law Decree n. 104/2020, so-called August Decree introduced a new tax credit to foster investments in advertising campaigns, made from 1st July to 31st December 2020, in favour of leagues organising national team championships of Olympic disciplines or professional and amateur sports clubs and associations registered with the CONI (the Italian Olympic Committee) register and dealing with disciplines admitted to the Olympic Games and dealing with youth sports.

Subjective and objective scope

The tax credit can be obtained, limited to FY 2020, by companies, self-employed and non-commercial entities which invest in advertising campaigns, including sponsorships, in favour of:

- leagues organising national team championships of Olympic disciplines,
- professional and amateur sports clubs and associations registered with the CONI register and dealing with disciplines admitted to the Olympic Games and which carry out certified youth sports activity

with revenues, obtained in Italy, for the 2019 tax period equal to at least Euro 200,000 and up to a maximum of Euro 15 million.

Sponsorships in favour of subjects which adopt a flat-rate taxation scheme under Law n. 398 dated 16 December 1991 are excluded from this provision.

It is expressly provided for that the amounts borne as eligible expenses are considered - for the party bearing such expenses - as advertising expenses aimed at promoting its own image, products or services through a specific activity of the counterparty.

We remind, among other things, that the recent case law reinstated the advertising (and not entertainment) nature of sponsorship expenses.

Scope of the tax credit

The tax credit granted is equal to 50% of investments made starting from 1st July and up to 31st December 2020 for a total amount not lower than Euro 10,000, upon condition that payments are made through bank or post transfer, or through other payment systems other than cash (e.g.: credit, debit or prepaid cards, cheques or bank drafts).

Since the norm establishes a maximum financial allocation to support the measure (Euro 90 million), there is also a system to reallocate the tax credits among beneficiaries, should the number of accepted applications exceed the limit above.

How to use the tax credit

In order to benefit from the tax relief above, a preliminary application to the Department for Sport of the Presidency of the Council of Ministers will be required.

It will be possible to use the tax credit exclusively to offset other taxes using the F24 form, pursuant to art. 17 of Legislative Decree n. 241/97. The tax relief is granted in compliance with the EU *de minimis* rule for State aid.

A specific Decree by the President of the Council of Ministers will be soon issued, providing indications on the implementation methods and criteria, as well as on the cases of exclusion from the tax credits.

Our professionals would be pleased to provide you with any further information you may need.

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