



FACT SHEET

Difference between a donation and sponsorship

Donations and sponsorship are different. When supporting sport, individuals and companies can:

- make a tax deductible donation to the Australian Sports Foundation Ltd (ASF), and/or
- enter into a sponsorship arrangement

While both are legitimate fundraising strategies, funds resulting from sponsorship will not be accepted as donations to the ASF.

Donations

The ASF's listing in Division 30, section 30–90 of the Income Tax Assessment Act 1997 (ITAA) enables unconditional donations (normally money) to the ASF to attract tax deductibility. In order to constitute a gift under the Act, a donation must be offered voluntarily and not as a result of a contractual obligation. The donor cannot receive any material benefit nor can there be any expectation of benefit in return.

Acceptance by the ASF of a donation will not necessarily result in acceptance of a claim for tax deductibility by the Australian Taxation Office (ATO). A claim is a matter for determination by the Commissioner of Taxation.

Sponsorship

When the donor receives something tangible or of commercial value in return, or insists on or is promised or acts on an undertaking that a benefit, advantage, right or privilege be returned to him or her as a result of making the donation, then the contribution is not a gift for taxation purposes. In these cases, contributions may be classified as sponsorship and may be claimable as a general business expense (donors should seek their own professional advice). An example is when a company sponsors a basketball team. For its \$1000 sponsorship, the basketball team gives the company seats to every home game, a team jacket and tickets to the annual dinner. The sponsor has received a benefit for their contribution. The company's sponsorship is not tax deductible if presented to the ASF in this manner. It may however, be tax deductible as a general business expense. Separate financial advice should be obtained.

SUPPORTED BY



Australian Government
Australian Sports Commission

How can I find out more?

Contact the Australian Sports Foundation at:
PO Box 176 BELCONNEN ACT 2616
Tel: +61 2 6214 7868 Fax: +61 2 6214 7865
Email: info@asf.org.au Website: asf.org.au
ABN 27 008 613 858