

# Bulgaria Memo

## HOW TO DONATE MATERIALS ?

---

Do you want to supply materials to a charity, whether it is supported by the Saint-Gobain Foundation or not?

It is very simple. You just need to comply with a few rules:

- **WHAT CAN BE DONATED & WHAT CANNOT BE DONATED**

You can donate products manufactured and/ or commercialized by the sponsor or by other entities whether they are new or used.

However, it is forbidden to donate materials, accessories or tools that are considered waste (that the owner would like to throw away due to their serious defects or whose life validity expired).

- **INFORMATION TO BE GIVEN**

You must inform the beneficiary that the donated goods can be used only according to the purpose mentioned in the written sponsorship agreement.

You must not interfere with the activity of the sponsorship beneficiary. However, the sponsor is promoted as such during the next events of the beneficiary for which the sponsorship agreement was concluded.

- **TAX DEDUCTIONS**

There is no clear concept of sponsorship and as result, there is some uncertainty regarding the applicable tax consequences. Presently there is a legal definition of sponsorship in the Law on Sport, where the sponsorship is in context of sport events.

In very general terms, the tax consequences would depend on whether the transaction could be recognized as sponsorship (given for an unequal consideration in return) or as advertising (given for an equal consideration in return).

The tax consequences of sponsorship are as follows:

- (i) Corporate income tax - Expenses for sponsorship are non-deductible for corporate income tax purposes;
  - (ii) VAT – according to the present judicial practice the sponsorship is treated as supply for no consideration and the sponsor is not entitled to deduction of the input VAT on supplies related to sponsorship.
  - (iii) Municipal Donation tax – donation of goods is subject to tax, which is determined by the respective municipality in the range between 3,3%-6.6.% (For Sofia Municipality is 5%).
-

---

- **ACCOUNTING TREATMENT**

These donations in kind must be accounted for in extraordinary charges to the debit of account 'Sponsorship expenses'.

[Access the donation contract template.](#)