

# International corporate philanthropy

The French tax authorities recognize the possibility of acting internationally, while benefiting from the French tax framework for corporate sponsorship. However, this possibility is strictly regulated and subject to stricter criteria.

## Knowledge of the French corporate sponsorship framework



Before launching any international action, it is essential to have a solid grasp of the French legal and tax framework governing philanthropy. International corporate sponsorship is a form of action governed by French law, and its mastery depends first and foremost on the prior mastery of the French corporate sponsorship legal and tax framework.

French organizations may be recognized as eligible for the corporate sponsorship tax regime if the following criteria are met :

- The organization must be **managed pro-bono**, administrators cannot receive compensation ;
- The organization must have **non-profit activities** ;
- The organization's actions **must benefit the general public** and not aim a restricted amount of people.

This list is not exhaustive. For further information, we invite you to (re)read our [Fiche Repère on the corporate philanthropy eligibility criteria](#) (in French).

## "Mécénat d'entreprise" and "corporate sponsorship"

The exact translation of a word and/or concept is crucial to the proper understanding of a text. "*Mécénat d'entreprise*", defined as the support provided by companies to non-profit organizations, is referred to in this document as "**corporate sponsorship**" or "**corporate philanthropy**".

It is useful to note that the term "*sponsoring*" is used in French, as such, to designate the commercial operation of sponsoring an event, an organization or even a person. It can also be referred to in French as "*parrainage*".

Therefore, **it is important that the parties determine beforehand the precise nature of the operation that is discussed, in order to avoid any misunderstanding which could be induced by the use of the word "sponsoring"**.

Sponsoring or sponsorship, in its commercial sense (*parrainage*), is governed by a different legal and tax framework and is therefore excluded from this document. **This document is centered exclusively on corporate sponsorship, defined as the support provided by companies to non-profit organizations (*mécénat d'entreprise*).**

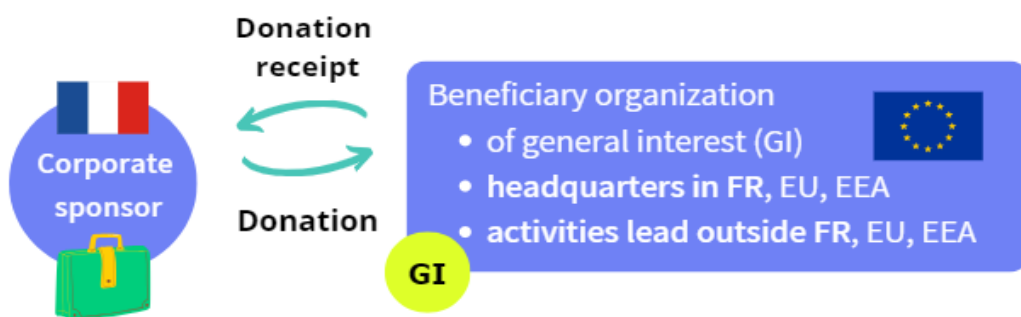
# Corporate sponsorship within the EU and EEA

## Procedure

The procedure for corporate sponsorship in the European Union corresponds to that applicable under French law.

Corporate sponsors must be **based in France** and may make donations eligible for corporate sponsorship to non-profit organizations that meet **the criteria of general interest**, as defined under French law.

The beneficiary organization must be based in an EU member state, or in a member state of the European Economic Area that has signed a tax treaty with France containing an administrative assistance clause to prevent tax evasion or avoidance (Norway, Iceland, Lichtenstein) and must lead its activities within those territories.



## Transnational Giving Europe (TGE)

The [Transnational Giving Europe \(TGE\)](#) network is a private initiative. The TGE network covers 19 countries and enables corporate and individual donors resident in one of the participating countries to provide financial support to non-profit organizations in other member states, while benefiting directly from the tax advantages available under the legislation of their country of residence.

## Approval of European non-profit organizations

[Article 238 bis 4 bis of the French General Tax Code](#) allows European non-profit organizations to request approval from the French Ministry of Finance (Bercy) in order to be recognized as eligible for corporate sponsorship under French law. Approval is granted when the organization's objectives and characteristics are similar to those of eligible French organizations. It is valid for a renewable period of 5 years.

Bercy publishes the list of approved non-profit organizations on [its website](#).

Official approval is not a prerequisite for making donations to a European organization. The supporting documents required by Bercy to grant approval will be identical to those a corporate sponsor must request before making any donation, in order to ensure that the beneficiary organization is eligible. The approval nevertheless enables the beneficiary organization to guarantee that it can receive a donation from a French corporate sponsor within the French legal framework.

# Corporate sponsorship outside the EU and EEA

## Territoriality principle

In order for the legal and tax framework for corporate sponsorship to apply, the sponsorship operation must be carried out for the benefit of a beneficiary that is considered of general interest within the meaning of French law. This beneficiary must have its headquarters and carry out actions in France or the EU.

There are two exceptions to this principle in the case of international corporate sponsorship.

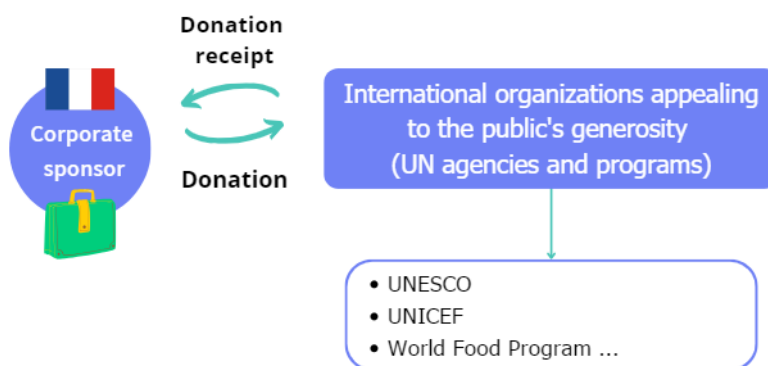
- ⤴ The first concerns donations made to an organization **whose headquarters are based outside of France or the EU**.
- ⤴ The second concerns donations made to an organization whose headquarters are in France or the EU, but **whose activities are carried out outside these territories**. In this case, the company can only act as an **indirect corporate sponsor** (*"régie indirecte"*).

**Direct corporate sponsorship** (*"régie directe"*) is when a company **donates directly to a non-profit organization**. For example, when a company donates directly to a general interest association.

**Indirect corporate sponsorship** (*"régie indirecte"*) is when the company **supports an eligible organization via a dedicated legal vehicle**. For example, when the company donates to its corporate foundation, which then carries out its own public-interest projects or redistributes to eligible beneficiaries.

For more information on this distinction, please consult our article on [corporate sponsorship procedures under French law](#) (in French).

## Organizations based outside France or the EU

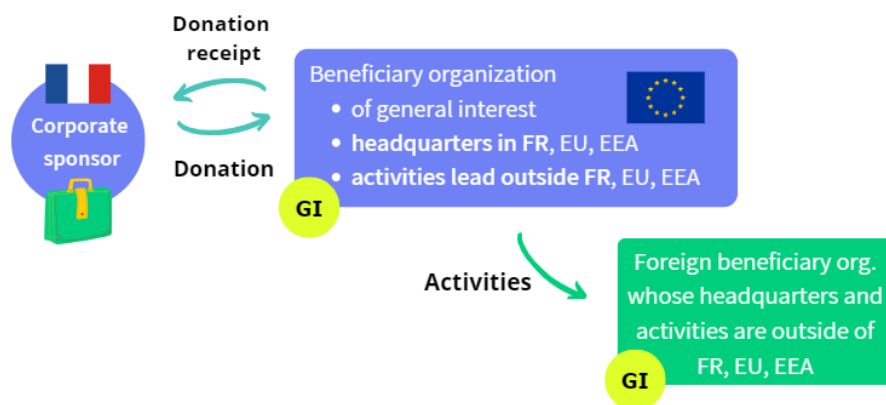


A company may directly support an international organization that appeals to the generosity of the public and whose head office is located outside France or the EU, provided that:

- ⤴ France is a **member of that international organization**; and
- ⤴ France **participates in the development of programs and in the governance** of the said organization.

In practice, this applies to UN institutions and programs.

## Organizations operating outside of France or the EU



This exception to the principle of territoriality concerns **the location of the beneficiary organization's activities**.

In order to benefit from the French tax framework for corporate sponsorship, the company must make a donation to a non-profit organization of general interest, as defined by French law, whose headquarters are located in France or the EU, and which itself carries out international activities, outside of France or the EU.

**In this case, a company must act indirectly, through a French or European non-profit organization. It is not possible for companies to make donations directly to a foreign organization.**

To be eligible, a non-profit organization acting internationally must, in addition to meeting the criteria of French general interest, satisfy the following three cumulative conditions:

- ⤴ It must **define and control the program from France** or the EU Member State in which they are based, i.e. all decisions must be taken by the organization (field of action, budget, final beneficiary, mission objectives and framework, deadlines and retroplanning, etc.).
- ⤴ It must **directly finance the actions it has undertaken**.
- ⤴ Finally, they must be able to **justify the expenses they have incurred in carrying out their mission**. Indeed, organizations cannot simply collect funds in France and redistribute them to foreign organizations.

**In the event of direct intervention by the French or EU organization abroad**, the funds collected must be deposited in the organization's own bank accounts, and **the use of these funds must therefore be verifiable at any time by the French tax authorities, through the organization's own accounts**. The organization cannot act as a mere redistributor of funds collected in France.

**Should the organization call on the cooperation of local foreign organizations**, it must be able to **justify to the French authorities the allocation and use of sums transferred to the accounts of their local partners**, in accordance with the program it has pre-established and intends to develop.

## Eligible fields of action

The fields of action eligible for corporate sponsorship are more restricted for international sponsorship. The following are eligible :

- ^ Humanitarian actions
- ^ Initiatives to promote France's artistic heritage and disseminate French culture, language and scientific knowledge
- ^ Actions to protect the natural environment
- ^ Scientific activities

The French tax authorities provide a detailed list of actions that fall within these broad categories in their tax instruction [BOI-BIC-RICI-20-30-10-10, §240 et seq.](#)

**Humanitarian actions** include, for example, emergency measures (natural disasters, acts of war, famine, etc.) and measures to meet the essential needs of populations in distress or poverty and to contribute to their social integration.

**Promoting France's artistic heritage and culture** includes, for example, support to the international network of French high-schools abroad, promoting France's artistic know-how, disseminating French universities' research results, etc.

**Actions to protect the natural environment** include, for example, measures to limit global warming, measures to prevent deforestation and desertification, measures aimed at preserving animal and plant biodiversity, etc.

**Scientific activities** include, for example, support to scientific research carried out outside the EU or EEA, provided that the results of such research are intended for use in France or the EEA.

**Any international action that does not fall within one of the aforementioned fields of action will not be eligible to benefit from the French corporate sponsorship framework**, even if the field of action would be eligible in a purely French context.

## LEGAL SOURCES (in French)

1. [Instruction fiscale – Actions dans l'UE et à l'international \(BOI-BIC-RICI-20-30-10-10, II-A-4., §220 et suivants\)](#)
2. [Fiche Repère Admical sur l'éligibilité au mécénat](#)
3. [Les modes opératoires en mécénat](#)
4. [La fiscalité des dons transfrontaliers](#)
5. [Article 238 bis CGI et article 1649 nonies CGI](#)
6. [Transnational Giving Europe](#)