

Sponsorship

Author: Maja Graf, vitamin B

Sponsoring is a transaction!

Sponsoring serves the purpose of acquiring money and/or contributions in kind. Although, it's important to bear in mind that sponsors are not just patrons looking to do something "good". On top of this, there are no state or municipal agencies with a development mandate. Sponsors are companies that want to obtain an advantage from supporting an association or a project. Sponsoring is a transaction based on a clearly defined service and consideration in return. This transaction must be beneficial for both parties. For the company, the benefit is often increased public familiarity with the company or the transfer of associations attributed to the association being sponsored to the company. Sponsoring partners therefore have to be suited to each other.

For the association, we recommended asking the following basic questions in advance:

- Do our articles of association allow sponsoring in the first place? (or do they explicitly exclude it?)
- What do we want to achieve with the sponsoring?
- Who cannot be considered as a sponsor? What do we not want to do?
- What requirements does a sponsor need to meet?
- Who is responsible for sponsoring in our association?
- How are sponsoring decisions made in our association? Who makes these decisions?
- How do we assess the sponsoring?

Sponsoring preparations

1. **Analysing sponsoring needs:** What purpose will the funds or contributions in kind we are looking for serve? How much money or contributions in kind are involved? When do we need these by at the latest?
2. **Assessing the starting situation:** Which profile does our association have? Where are our strengths? What do we have to offer? Which advantages will a sponsor have by working with us?
3. **Assessing possible sponsors:** Which company could identify with our association's objects? Who is located nearby? Who would benefit from our image? Who is sympathetic to our objectives? Do we know any key people, and where?

4. **Establishing first (brief) contact by telephone:** Who is responsible for sponsoring in this company? Do we know anyone who could open the door for us? Take advantage of any existing relations...
5. **Creating sponsoring offers:** Does anyone in our association have any sponsoring know-how? Which company are we targeting? (No mass letters!) How do we carefully target the cover letter to this person/company specifically?
6. **Second contact by telephone:** Arrange an appointment to discuss the matter with the person responsible.
7. **Presentation:** Who will lead the presentation on site? What do we know about the company and the people who will be present? What exactly do we want to achieve? How do we argue our case? What are the strengths of our association or project? Which technical aids or presentation materials do we need?
8. **Decision in principle:** Both parties take some time to think it over. Is that the right sponsor for our association? Do we agree to the conditions?
9. **Fleshing out a sponsoring concept/agreement:** For complex projects, or if large amounts are concerned, it may make sense to consult an expert.

The sponsoring offer

WHO?	Brief description of the association
WHAT?	What are we looking for money/contributions in kind for?
WHY?	Presentation of the importance and urgency of the sponsoring
HOW MUCH?	Rough budget
BY WHAT MEANS?	Define possible services and considerations in return
WHEN?	Schedule
HOW?	Evaluation / monitoring

The sponsoring agreement

On the basis of the sponsoring offer and negotiations with the sponsor, a sponsoring agreement will be negotiated by both partners and laid down in writing. The agreement will contain a detailed list and description of the services in question. Larger companies that regularly grant sponsoring amounts generally already have templates for this purpose and will draft the agreement on the basis of discussions held.

Important: Bear VAT in mind

Associations that generate revenues of more than CHF 100,000 per year from taxable turnover are liable to pay VAT. This limit rises to CHF 250,000 for non-profit organisations (in terms of tax law) and voluntary sports and culture associations. In contrast to donations, sponsoring amounts count towards taxable turnover because sponsoring is a transaction based on a service and consideration in kind (advertising). However, mentioning the sponsor in a publication (e.g. programme, annual report) on one or more occasions in neutral form, even if the name or the logo of the company is used, does not qualify as an advertising service (Article 3(i) of the Federal Act on Value Added Tax). (See [VAT information document 05 of the Federal Tax Administration on grants and donations: https://www.estv.admin.ch/estv/de/home/mwst-flyout.html](#))

See also work aids

- Crowdfunding, <https://www.vitaminb-e.ch/tools/work-aids>
- Tax exemption, <https://www.vitaminb-e.ch/tools/work-aids>