

Law No. 05/L-090

ON SPONSORSHIP IN THE FIELD OF CULTURE, YOUTH AND SPORTS

The Assembly of the Republic of Kosovo;

Based on Article 65 (1) of the Constitution of the Republic of Kosovo,

Approves

LAW ON SPONSORSHIP IN THE FIELD OF CULTURE, YOUTH AND SPORTS

Article 1

Purpose

1. This law regulates the support and financial and material support of cultural, youth and sports activities through sponsorship and advertising.
2. The general interest is realized through the sponsorship of different activities in the field of culture, youth and sports that brings improvement to individual and social life of citizens, business organisations, foundations, natural and legal persons in the Republic of Kosovo.
3. The purpose of sponsorship is the implementation, support, promotion and support of operations and activities in the field of culture, youth and sports.
4. Sponsorship or is given to the recipient for the implementation of the general public interest by the particular culture, youth and sport activity as defined in the sponsorship or agreement.
5. This law is in accordance with the European Treaty on the Functioning of the European Union (consolidated version), OG C 326/74, dated 26.10.2012, and Council Regulation 2015/1588 of the EU (13 July 2015) on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal state aid, OJ L 248/1, 24.09.2015.

Article 2

Scope

1. This law regulates:
 - 1.1. sponsorships and that are given and received through the financial and material support in culture, youth and sports;
 - 1.2. the purpose of giving and receiving of sponsorship;
 - 1.3. determination of the donor and beneficiary of the sponsorship;
 - 1.4. allowed deductions that are made to sponsors;

1.5. identification and control of sponsorships, in the public activities and in various activities in the field of culture, youth and sports.

Article 3

Definitions

1. Terms used in this law shall have the following meaning:

1.1. **Sponsorship** – the financial and material support based on free will that is given by the natural or legal persons of the domestic or foreign country with the aim to support activities in the field of culture, youth and sports. Sponsorship enables sponsors to promote the names, firms, their logos and products with the aim to exploit allowed deductions for sponsorship and additional administrative and tax relief's as defined with this Law.

1.2. **Activities** - different activities that are supported through sponsorship in the field of culture, youth and sports.

1.3. **The general public interest** – the support of various activities in promoting of culture, youth and sport in domestic and international level.

1.4. **Domestic natural person** - a citizen of the Republic of Kosovo, regular tax payer.

1.5. **Foreign natural person** - a foreign person with a regular residence permit in the Republic of Kosovo, or who lives in another country.

1.6. **Domestic legal person** - the public institution, local self – government unit, societies or citizen and business associations, foundations from public interest commercial companies, business enterprises, the public administration body and other subject which, upon the registration before the competent authority has obtained the quality of legal person.

1.7. **Foreign legal person** - any natural person who has a company registered abroad or has the firm registered at his country in the trade registry and in foreign organizations, international foundations and in other non-profit institutions.

1.8. **Promotion** - the establishment and affirmation of the name, firm and logo (emblem) of the donor of sponsorship in financial support of activities and cultural, sports and youth activities.

1.9. **Advertising** - promotion of logos on T-shirts, in sport, culture, youth facilities, TV stations, newspapers, magazines, portals, posters, tickets, billboards and websites.

1.10. **Ministry** - the Ministry for Culture, Youth and Sports.

1.11. **MF** - the Ministry for Finance.

1.12. **TAK** - the Tax Administration of Kosovo.

Article 4

Agreement for Sponsorship

1. The donor and the beneficiary (recipient) of sponsorship, makes a written agreement regarding the sponsorship, made in accordance with the legislation in force.
2. Agreement for sponsorship and advertisement should contain: liabilities of sponsors, compensation, exclusivity, confidentiality, termination, exclusion of responsibility, contractual penalty, the entry into force, duration, written form, applicable laws and competent court.
3. The subject of the agreement under paragraph 1. and 2. of this Article means the execution of certain public interest specified in this Law.
4. For sponsorships in accordance with this Law, upon the request of the donor, the recipient of sponsorship submits a certificate or proof of received sponsorship.
5. The form and method of preparation of the certificate or proof and the issuance procedure is determined by the Ministry with a sub-legal act.

Article 5

Forms of Sponsorships

1. With this Law are recognized the following forms and types of sponsorships, through:
 - 1.1. provision of financial means through bank account of payment of the overall sum of sponsorship or payment in instalments, which must be made in accordance with the applicable legislation;
 - 1.2. provision of musical, sports equipment's and other equipment's;
 - 1.3. provision of support to participate in competitions and other artistic, managerial and sports preparations;
 - 1.4. provision of transportation services, accommodation and food for participants in sponsored activities;
 - 1.5. provision of safety services;
 - 1.6. provision of environmental adjustment services and necessary infrastructure;
2. The Advertisement is accomplished through notarized contract between the parties.

Article 6

Types of Sponsors

1. Sponsors are: individual, co-sponsors, legal domestic or foreign entities who sponsor cultural, youth and sports activities.

2. Co-sponsors are two or more natural or legal persons joined with a purpose to support cultural, sports and youth activities.

Article 7

Orientation in the Field of Sponsorship

Sponsor makes an assessment depending on his/her interest on which areas will sponsor in culture, youth and sports.

Article 8

Categorisation and Allocation of Sponsorships

The categorisation and allocation of sponsorships is specified with agreement through the subjects agreement.

Article 9

Elements of Sponsorship

1. Sponsor may be a domestic or foreign natural or legal person.
2. Sponsor can't be the domestic or foreign natural or legal person, whose activity is inconsistent with the Constitution and Laws of the Republic of Kosovo and with the international agreements that the Republic of Kosovo has signed or has joined to.

Article 10

The rights and obligations arising from the sponsorship agreement

1. The sponsored beneficiary may be the domestic natural or legal person who on behalf of the sponsorship receipt must fulfil obligations arising from the signed agreement for sponsorship.
2. The rights and obligations arising from the agreement in paragraph 1. of this Article must be in accordance with the Constitution, the laws of the Republic of Kosovo and the international agreements in which the Republic of Kosovo has signed or joined to.

Article 11

Users of allowed deductions

The sponsor and advertiser are entitled to allowed deductions as determined by this law and the legislation in force.

Article 12

Allowed deductions

1. Sponsor for sponsorship of sports activities shall be subject to thirty percent (30%) deduction from the tax on profit under this law.
2. Sponsor in sponsorship in the field of culture and youth shall be subject to twenty percent (20%) deduction from tax on profit under Law No.05/L-029 on Corporate Income Tax.

3. Costs of advertisement in sports T-shirts, sports and cultural facilities, through radio, television, newspapers, magazines, portals, direct advertisements, webpages, posters, flyers, labels, billboards, transit advertisements and similar shall be fully deductible expenses, for tax purposes in accordance with the Law No.05/L-029 on Corporate Income Tax.

4. The revenues from sponsorships are non-taxable income to the beneficiary of sponsorship.

5. Revenues from advertising are taxable income of the beneficiary of the revenues from advertisements, exception from this provision shall be the revenues from the advertisements that are foreseen in the sponsorship contract under the provisions of this Law.

Article 13

Exemptions from Allowed Deductions

Allowed deductions cannot be realized, in cases when the sponsorship or advertising is used for other activities that are not specified by the contractual agreement between the sponsor and the advertiser that is in contradiction to this Law.

Article 14

Identification and Control

1. The donor and the recipient of sponsorship are obliged to prepare a report on the granted and accepted sponsorship, which should contain the following information:

1.1. name and the title of the donor and the recipient;

1.2. name and the title of the last user;

1.3. description of the subject and the purpose of the sponsorship, which enables their identification with accurate data on the quantity, value and its other properties;

1.4. the final use of the sponsorship subject;

1.5. other data.

2. The agreement for sponsorship and advertising with the financial report are necessarily submitted to the TAK, at the latest thirty (30) days from the day of fulfilment-completion of the agreement.

3. The agreement for the sponsorship, advertising and the other documentation which is related to it, must be kept for at least five (5) years from the end of the calendar year in which the obligation is fulfilled by the agreement.

Article 15

Controlling of the use of Sponsorship

1. TAK and competent bodies shall oversee the granting, receiving and the usage of sponsorship and advertisement for allowed deductions in accordance with this law.

2. TAK and other competent authorities, if during the inspection prove irregularities and misuses during the usage of sponsorship may file criminal or misdemeanour charges under the legislation in force.

Article 16

Protection of public interest

1. Upon the request of the beneficiary of sponsorship, the Ministry issues a certificate within fifteen (15) days from the day of filing the request by which proves that the sponsorship in the field of culture, youth and sport is the general public interest as specified by this Law and under Article 10 of the Law No.05/L-029 on Tax on Corporate Income.

2. The Ministry in the foreseen deadline, requests clarification for every submitted request, based on its competencies from relevant oversight bodies.

Article 17

Sanctions

1. In the amount of one thousand (1,000) up to ten thousand (10,000) Euros shall be fined for violation the legal person – beneficiary of sponsorship, if:

1.1. it doesn't enter into written agreement with the sponsor or advertiser;

1.2. there is no report prepared on getting the sponsorship, advertisement;

1.3. means as per the agreement are not used, whereas the subject of the sponsorship will be returned to the donor of the sponsorship;

1.4. the agreement and other documents are not stored for at least five (5) years.

2. If the natural or legal sponsor forges documents or deceives the Ministry or TAK, shall be punished in conformity with the provisions of the Criminal Code of the Republic of Kosovo.

Article 18

Sub-legal acts

The Ministry, within the period of six (6) months from entry into force of this Law, shall issue sub-legal acts for implementation of this Law.

Article 19

Entry into force

This law shall enter into force fifteen (15) days after its publication in the Official Gazette of the Republic of Kosovo.

Law No. 05/L-090
23 December 2016

Promulgated by Decree No.DL-007-2017, dated 13.01.2017, President of the Republic of Kosovo Hashim Thaçi.