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## **POSITION PAPER**

**Subject: Safe and improve tax breaks for sport organisations – contribution to the European Commission’s Consultation Green Paper on the future of VAT– Towards a simpler, more robust and efficient VAT system**

Sport is the largest social and voluntary movement in Europe. On average one third of the EU population is organized in a sport club. More than one million non-profit sport organisations deliver important services of general interest by promoting an active lifestyle, improving well being and reducing public expenditures for national health.<sup>1</sup> The European Non-Governmental Sports Organisation (ENGSO) is a pan-European platform for national sports umbrella organisations including national Olympic Committees promoting “grassroots sport” and “sport for all”.<sup>2</sup>

Drafting the Green Paper on the future of VAT, the European Commission intends to revise the existing VAT directive 2006/112/EC which is also applicable in the field of sport. Article 131 letter m of this directive provides for certain possibilities for tax breaks for non-profit sport organisations which date back to the adoption of the former VAT directive of 1977. These exemptions are in many respects outdated and ambiguous in their structure that they constitute today a threat to legal certainty. Consequently, some controversy surfaced regarding the application of zero or reduced VAT rates to certain goods and services applied in sport which have led to infringement proceedings against some Member States.

In the context of reforming the VAT directive, we see therefore an urgent need to give special consideration to the work carried out by non-profit sport organisations which play a valuable role promoting health, education and social cohesion in European societies. The public could never finance these valuable activities of non-profit sport organisations which complement the general social responsibilities of the public sector. In addition, sport can be a powerful social tool in many areas such as health, education and social cohesion; can help facing the new

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<sup>1</sup> Studie: O. Weiß, Sport und Gesundheit, Die Auswirkungen des Sports auf die Gesundheit – eine sozio-ökonomische Analyse.

M. Pratt e.a., Higher direct medical costs associated with physical inactivity, in: The Physician and Sports Medicine 28(1), 2000, DCD: Atlanta.

<sup>2</sup> For more information on ENGSO visit the following website: <http://www.engso.eu>



challenges outlined in the EU 2020 strategy such as the “integration of an increasing immigrant population, social exclusion... and solidarity between generations”. These important and valuable activities are carried out to a large extent by millions of volunteers. Therefore, non-profit sport organisations should not be burdened by tax rules leading to an excessive administrative burden or tax rules leading to decreasing income for these organizations, as any additional administrative burden would surely negatively impact the engagement and involvement in voluntary work. Considering that in 2011, the EU is celebrating the European Year of Volunteering, red tape should be reduced instead and voluntary work promoted. Furthermore, the current system with regards to taxes in sport works fine, reduces hassle and no distortion of competition with other industries can be observed.

In order that sport organisations can continue to play a vital role and create added-value in European societies, we urge the European Commission to look upon tax reliefs for sport organisations favorably and even extend and improve their application.

*Adopted by the 19<sup>th</sup> ENGSO General Assembly, 21<sup>st</sup> May 2011, Tallinn, Estonia*