

1. What is a "qualified sponsorship payment" under IRC § 513(i)?

Definition of A Qualified Sponsorship Payment
Treas. Reg. § 1.513-4(c)

- ✓ Made by someone engaged in a trade or business
- ✓ No arrangement or expectation of a substantial benefit in return
- ✓ Payment is in the form of:
 - Money
 - Transfer of property, or
 - Performance of a service

2. Are there "return benefits" provided to the payor?

*Not all
inclusive*

Payor Return Benefits
Treas. Reg. § 513-4(c)(2)(iii)

- ✓ Advertising
- ✓ Exclusive provider arrangement
- ✓ Goods, facilities, services, other privileges
- ✓ Exclusive or nonexclusive rights to use an intangible asset (e.g., organization's trademark)

YES

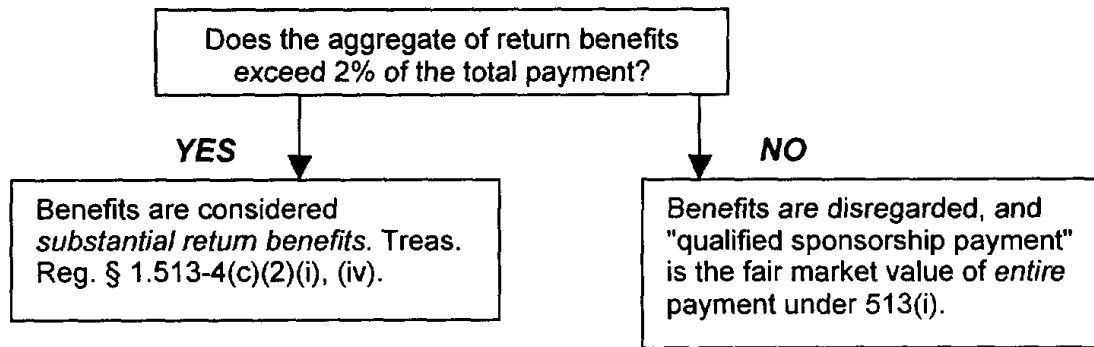
- ✓ Consider all return benefits for the organization's fiscal year.
- ✓ Determine each benefit's *fair market value* (including payment for services).

See Question 3.

NO

"Qualified sponsorship payment" is the fair market value of *entire* payment under 513(i).

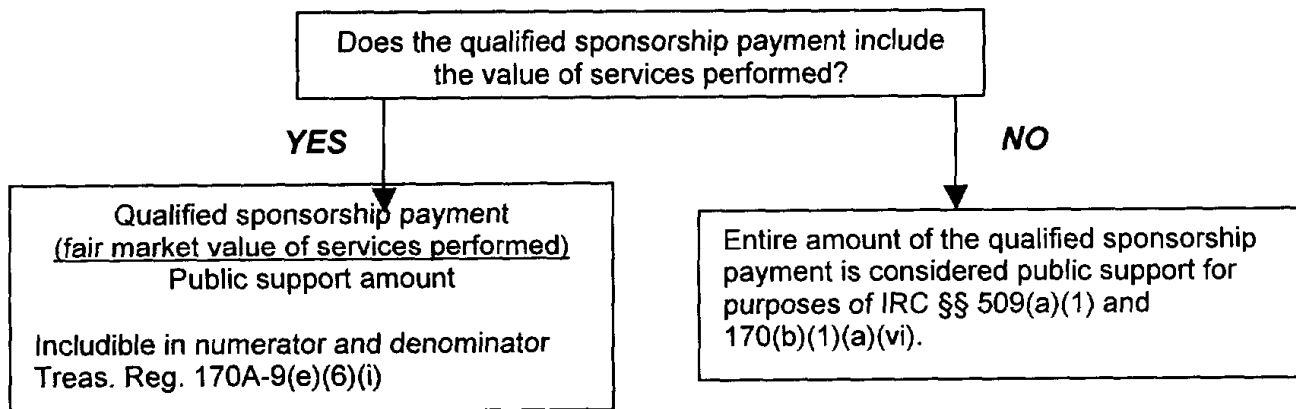
3. Are the return benefits provided to the payor "disregarded" benefits or "substantial" benefits?



Exclude: Use or acknowledgment of payor's name, logo, or product by organization. Treas. Reg. § 1.513-4(c)(2)(iv).

Total payment
(less FMV all benefits)
Qualified sponsorship payment

4. What portion of qualified sponsorship payment is included in public support?



Note: Even if there are return benefits (e.g., advertising) to the payor in connection the payment they are disregarded to the degree their aggregate fair market value is not more than 2% of the total payment.