

Press release

## **FOR NEW TAX TREATMENT OF CORPORATE FOUNDATIONS INVESTING IN SCIENCE AND CULTURE**

**At a conference promoted by the Bracco Foundation, Italian and international fiscal experts, government representatives and delegates from the Filarete, Giovanni Agnelli, Eni-Enrico Mattei and Poldi Pezzoli Museum foundations discuss tax treatment of cultural and scientific foundations**

*Milan, 25 November 2011* – The tax treatment of foundations is a crucial question in encouraging private-sector investment in culture and science. To examine the issue, during the Confindustria tenth Corporate Culture Week the Bracco Foundation organized a conference entitled “Foundations and Culture: Scenarios and proposals for Tax treatment of Foundations”.

In addition to Bracco Foundation Chairman Diana Bracco, the speakers were Raffaello Lupi of Rome’s Tor Vergata University / Tax Studies Foundation, Hanna Surmatz of the European Foundation Centre, Simone Berthod of the Consulta for the enhancement of Turin’s cultural heritage, Stefano Boeri, Milan City Councillor responsible for Culture, Expo, Fashion, Design, Pietro Guindani of the Confindustria Culture Commission, Stefano Carrara, head of the office for non-commercial and no-profit entities, Italian Inland Revenue Agency, and Franco Ascitti of the 7<sup>th</sup> Senate Commission for Education, Culture & Scientific Research.

The conference, moderated by Alberto Sinigaglia of *La Stampa* newspaper, also included a round table, with Mariella Enoc of the Filarete Foundation, Andrea Gavosto of the Giovanni Agnelli Foundation, Giuseppe Sammarco of the Eni Enrico Mattei Foundation and Annalisa Zanni of the Poldi Pezzoli Museum Artistic Foundation.

On the basis of their experience, all the experts who spoke stressed the strategic importance of corporate foundations and of public/private cooperation aimed at real partnership. In Italy, the relatively recent phenomenon of private foundations has developed as the public sector’s ability to invest in culture and the arts in general, and to support scientific research, has declined.

Public investment in this sector has fallen from 7.5 billion euro in 2005 to 4.8 billion euro in 2011 (the figure covers central, regional and local government spending). Central State expenditure for culture (1.8 billion euro) is three times lower than that of the main European countries, a particularly serious situation since the appeal of Italy’s cultural assets offers a very high potential investment multiplier. Law 122 of 2010 placed draconian limits on public authorities’ expenditure on the arts and culture, with an 80% cut in spending capacity from the previous year.

At a time of economic crisis for the West like the present, tax allowances on investments received and paid by foundations would be an important stimulus for private contributions.

Given the current situation, the comparative analysis of Italian and European laws conducted during the conference was illuminating, showing that some countries have a particularly favourable system. The analysis highlighted a number of possible recommendations and new policy-making lines for Italy.

“Culture is a distinguishing feature of all Italians’ DNA and a very powerful tool to enhance Italy’s image around the world,” said Diana Bracco, Chairman of the Bracco Foundation, “yet this simple fact is sometimes forgotten. Too often the arts and culture are regarded not as sources of wealth but as non-essential activities.”

“It would certainly be desirable for private investors to do more for the arts, hopefully helped by fiscal measures that act as a driver for the growth of cultural entrepreneurship,” Diana Bracco added. “In Italy, legislation governing foundations is fragmented and hard to understand, and difficult to interpret when it comes to taxation. A process of simplification, rationalization and harmonization of laws is needed in this area, to give players a ‘small number of clear regulations’ and help foundations achieve their goals effectively and efficiently. Greater recognition of foundations’ role as ‘social’ operators would also be important, with allowances and some sort of ‘project’ constraint. Looking for example at value-added tax, today foundations that are not commercial operations are treated as end consumers, and therefore pay VAT without being able to deduct it. As far as deductibility of donations is concerned, we would like tax laws to favour foundations’ fiscal attractiveness for benefactors.”

Bracco Foundation  
Secretariat  
Tel. +39 02 21 77 21 26  
[segreteria@fondazionebracco.com](mailto:segreteria@fondazionebracco.com)  
[www.fondazionebracco.com](http://www.fondazionebracco.com)