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The funding of professional sports entities by state-owned companies and private institutions. The necessity or philanthropy?

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The funding of professional sports entities by state-owned companies and private institutions. The necessity or philanthropy?

Authors' Contribution:

- A Study Design
- B Data Collection
- C Statistical Analysis
- D Data Interpretation
- E Manuscript Preparation
- F Literature Search
- G Funds Collection

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abstract

The aim of the article is to determine whether the actions undertaken by state-owned companies as regards sponsorship of professional sport in Poland are appropriate. It tries to answer the research question presented in the article's titles making use of secondary data analysis, literature review, text analysis and tax interpretations. The author used many different sources of data, such as literature on the subject, including peer-reviewed publications: monographs, scientific articles, textbooks, as well as not peer-reviewed publications: compendia and encyclopaedias, statistical yearbooks, reports and expert evaluations, popular science literature, grey literature (conference materials, working papers), articles published in journals and official subject-related websites. The research focuses on Polish sports clubs, state-owned companies and public institutions. The analysed aspects of the study cover the time scope of 11 years, from 2007 to 2018.

Key words: sport finance, sport sponsoring, tax optimisation by sponsoring, sport management, funding of professional sports entities.

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INTRODUCTION

More and more frequently, sport is described in economic terms, thus becoming an important element of the market and international business. Such a phenomenon is very often called professionalisation and commercialisation of sport [1, p. 4–32]. Since the establishment of the European Communities, the subject of sport has appeared in different documents (White Paper on Sport of 2007, conventions, resolutions, codes, etc.), but only Article 165 of the Treaty on the Functioning of the European Union (1 December, 2009) gave the European Union authority over supporting, coordinating and supplementing the initiatives of member states in the field of sport. This means that the issues related to sport were included in the most important documents of the EU [2]; within the financial perspective 2014–2017, funds for a direct funding of sport in members states of the EU are provided. The European Commission recommended, for example, creating a methodology that would help the study of the economic dimension of sport and include an analysis of goods and services that influence the demand and supply in the sports market. In the case of sport, it should be stated that the market is a coherent socio-economic system governed by certain rules. Freedom of action and funding guarantees that the market operates effectively [3]. The approach of the sports market is mainly focused on establishing a framework of legal and capital relations between sports entities and their stakeholders. Nevertheless, it should be added that it is impossible to create a closed catalogue of different forms of sports activities, although a vast majority was established as sports clubs. The legal and economic situation is continuously and dynamically changing, thus there will be more possibilities to establish structures that will participate in serious sports competition. Based on legal conditions that govern the Polish sports market, one could try to describe the organisational structures of sports clubs. The most preferred form to establish sports clubs is an association. The popularity of such a form undoubtedly results from the fact that the procedure for establishing an association is relatively easy, and no contributed capital is required because it is believed that the most important contribution is made of human resources. Another legal form of a sports club is a limited liability company [Polish: *spółka z ograniczoną odpowiedzialnością*]. This is a more developed organisational structure since a limited liability company is a commercial company. It constitutes a separate form of managing small and medium enterprises, which reflects directly the situation of sports clubs. The highest form of organising a professional sports club is a joint stock company [Polish: *spółka akcyjna*]. This type of commercial company consists of share trading; shares have a similar nominal value and are owned by shareholders. Taking into consideration all the above-mentioned organisational forms, *"commercialisation of sport can be defined as a group of changes that are to transform sport into business which generates profits by selling players, transferring coaches, organising sports events, such as mass events, football matches and a sponsor packages that create the added value"* [4, p. 3]. Thus, in the existing economic reality, sports entities receive money from mainly two sources: public funds and their own funds earned by selling services [5].

The first form of funding a professional sports club is related to the functioning of public institutions in Poland, such as the Ministry of Sport and Tourism, local authorities and communes. The Sports Act of 25 June, 2010 defines that any sports activity should be conducted in the form of a sports club and obliges sports clubs to have legal personality as well as regulates the principles of its functioning and the principles of functioning of sports unions. It also specifies

section 1 of the Sports Act, local government units are responsible for "*creating favourable conditions, including organisational conditions, for developing sport*". Being a public institution, every local government unit defines its public purpose related to sport, which enables it to develop sport by funding the activity of sports clubs. The creation of favourable conditions for developing sport can also mean covering expenses incurred by local government's investments in sports infrastructure and facilities, or it can simply be a promotion of sports-related services. In terms of their organisational activity, public institutions also create sport development strategies in their areas and elect consultative bodies such as councils of sports.

The second source of funding is related to agreements signed by clubs, leagues and sports organisations with the mass media that produce live coverage and television and internet broadcasting for the fans. Advertisements shown during sports coverage are more likely to reach groups of potential consumers, using the correlation between their interest in sport and values presented by sport itself. This effectiveness is confirmed by the growing advertising market and the money that is offered by the mass media for the exclusive rights to broadcast different types of championships, games and meetings.

This category of funding also comprises revenues from sales on match days (tickets and season tickets, etc.), from the renting of luxury boxes and other special places located in halls and stadiums (a club's museum, etc.), as well as from a special offer for individual clients prepared in traditional shops situated near stadiums or in on-line sales channels (fan pages, e-stores, mobile applications, etc.). These activities are more and more often mixed with running a business, renting gastronomical (food trucks) and catering areas (restaurants located in VIP areas, drinks and snack sold in the basement of the stands) or charging car parking fees. The only limitation on collecting revenues from sales is the level of attraction of a given sports event and its location as well as the efficiency of sales managers who work in sports clubs and sports joint stock companies [6]. The operating cash flow, which results in financial rewards, should also include the promotion to at least the European league. We can talk about a financial award received from an international association such as UEFA when a team achieves a positive result in matches and progresses through to the next round [7].

Sponsorship is one of the most important elements in raising funds for sports clubs. According to the Polish law, sponsorship agreements are not subject to any special regulations, and they are based on the provisions of the Civil Code Act of 23 April, 1964 (Journal of Laws from 1964, No. 16, item 93) [8], especially on the assumptions from Article 353, "*The contracting parties may arrange their legal relationship at their discretion, as long as its contents or objective are not contrary to the nature of the relationship, the law, or the principles of life in community*" [8]. In legal commentaries on the Article, one can read, "*A sponsorship agreement is also called an endorsement contract. According to its content, a sponsor agrees to support a defined activity of a sponsored entity in exchange for, for example, a possibility of presenting a product to specific groups of customers, conducting a market research survey or marketing research or simply advertising. (...) A sponsorship agreement is an innominate contract* [It produces specific results concerning the use of tax law, which the discussed later in this text] *that is not regulated by the law (...). It is a consensual, bilaterally binding, paid and mutual contract. In the judgement of 19 April, 2004 on sponsorship, file number VI ACa 709/03, the Court of Appeal in Warsaw declared that 'a sponsorship agreement provides for a sponsor's funding or co-*

funding of intended activity or activity that is already realised by a sponsored entity, whereas a sponsored entity is obliged to inform the public opinion about the fact that the above-mentioned activity is funded or co-funded by a sponsor; popularising a recognisable sign that individualises a sponsor during the period mentioned in the agreement. A sponsorship agreement is a classical bilateral civil law contract of binding nature. In the majority of cases, benefits gained by a sponsor are difficult to evaluate because of their non-property character (non-pecuniary), which is related to activities such as promoting sponsor's name or trademark in the market or increasing its market and social renown" [9].

Sponsorship agreements have been used in Poland since the 1990s and the sports market, apart from other types of social activities, has become the main area for their functioning. Every economic event between two or more entities, established on the basis of provisions of law, is certainly followed by consequences pursuant to the applicable laws of income tax (i.e. the Corporate Income Tax Act and the Personal Income Tax Act), goods and services tax (that is the Value Added Tax Act), tax obligation as well as the obligation of documenting such an event with an invoice. Still, it is to be based on an agreement, yet in order to include expenses on sponsorship in tax-deductible expenses, more detailed provisions of law should be applied. Discussing the issue of sponsorship, professional websites for financial and accounting services underline the tax consequences of making sponsorship agreements. From this perspective, it is important to notice that in the eyes of the law and in the case of such events, a sponsorship agreement does not equal a donation agreement, "*In a sponsorship agreement, the first party (a sponsor) is obliged to transfer to the second party (a sponsee) specific services (for example, money, goods, its own products or services) in exchange for specific activities of promotional character conducted by the sponsored entity (placing a sponsor's name on leaflets and posters, displaying a sponsor's logo prominently, spreading information about products, goods or services sold by the sponsor, using equipment, clothes and other objects with the sponsor's logo, publishing thanks, etc.).*

*(...) Such sponsorship is characterised by a bilaterally binding (mutual) nature, which means that the two parties are obliged to perform specific actions in order to obtain benefits. The sponsored entity receives financial or material support. The sponsor, on the other hand, gains the possibility of promoting its company and goods/products/services. **An agreement on proper sponsorship assumes the equivalence of benefits.** (...) If (...) the sponsor provides the second party with a non-cash contribution (sportswear, sports equipment, books, handbooks, etc.), in-kind sponsorship occurs. If, on the other hand, the sponsor offers services (transport, catering, etc.), we deal with what is called "service sponsorship." In the case of proper in-kind sponsorship agreement or proper service sponsorship agreement, both parties usually compensate for settlements that result from such an agreement" [10].*

On its website with information for taxpayers, the Ministry of Finance presents a definition of costs according to the binding Corporate Income Tax Act, "*(...) The Corporate Income Tax Act does not present a closed list of deductible tax expenses. According to the Act, these are all costs incurred to earn or maintain or secure a source of revenue that are not excluded by the Act from the tax-deductible cost category. (...) The Corporate Income Tax Act provides a comprehensive list of non-deductible tax expenses, which includes, among others, the following items:*

- *expenses to repay loans (credits), excluding capitalised interest on these loans (credits);*
- *calculated but waived or not paid interest on liabilities, including loans (credits);*
- *collection costs related to non-performance of liabilities;*
- *finances and pecuniary penalties imposed in criminal proceedings, penal fiscal proceedings, administrative proceedings and petty-offence proceedings as well as interest on these fines and penalties" [11, 12].*

Thus, it can be stated that expenses on sponsorship, as long as they are related to securing proper business activities, can be considered tax-deductible and balance sheet costs. A tax obligation arises when a transaction and service are performed. Since even in the Value Added Tax Act or the Corporate Income Tax Act, there are no detailed regulations concerning sponsorship, it has to be treated as a standard sale transaction of services, "Assuming that both parties are the so-called active VAT payers, in the case of discussed sponsorship, the following activities take place:

- *the sponsor provides the sponsored entity with goods or services;*
- *for the sponsor, this is a delivery of goods/provision of services that is subject to VAT;*
- *the sponsored entity treats such an activity as a purchase of goods/services and can claim an input VAT deduction (if the purchase is related to VAT taxable activities);*
- *the sponsored entity provides the sponsor with advertisement services;*
- *for the sponsor, this is a purchase of advertisement service, on which an input VAT can be deducted (provided that there is a relation to VAT taxable activities);*
- *for the sponsored entity, this is a performance of advertising service that is subject to VAT.*

These mutual services between the sponsor and the sponsored entity should be documented with invoices" [10].

Taking into consideration the income tax, the situation is similar in terms of legal and economic factors, which is additionally supported by practice and judicial decisions issued by the Supreme Administrative Court, "Nothing shall prevent the sponsor from including expenses incurred for proper sponsorship (that is when the equivalence of benefits occurs) in tax-deductible expenses. The former expenses are indeed advertising costs (and not entertainment costs that are excluded from tax-deductible costs)". This is confirmed by the tax authorities, such as the Director of the Tax Chamber in Warsaw, who stated in an individual tax interpretation issued on 23 July, 2012, file no. IPPB5/423-379/12-4/RS, that "(...) If an agreement between the parties predicts that in exchange for transferring a specific sum of money, goods or services, the sponsor receives from the sponsored entity an equivalent mutual service of advertising character, the so-called proper sponsorship occurs. As a matter of fact, it is a purchase of advertising services. In such a situation, the costs of proper sponsorship constitute in their entirety the sponsor's tax-deductible expenses. (...) In practice, the tax authorities hold the view that expenses on sponsorship can be included in tax-deductible expenses only to the value of advertising services guaranteed by the sponsored entity. When the sponsor's expenses are higher than the value of services provided by the sponsored entity, the excess should be considered donation for the sponsored entity that cannot be included in tax-deductible expenses (see Article 16, section 1, item 14 of the Corporate Income Tax Act and Article 23, section 1, item 11 of the Personal Income Tax Act)" [10].

Current trends in sports sponsorship are presented in Figure 1.



Fig. 1. Values provided by mutual services that unite sponsors and sponsored entities in the sports market [13]

Published by Nielsen Sports in June 2018, the research conducted for sponsors and media houses before the FIFA World Cup Russia 2018 indicates that for football fans, the relationship between a prospect sponsor, an event and a favourite sports discipline is crucial, "Nearly 57% of those interested in football agree that companies involved in sponsoring sports gain in appeal with the audience, against 50% among the broader group. When it comes to choosing products to buy, 51% of those interested in football would favour a sponsor's product over a non-sponsor's if price and quality were the same, compared to 41% among the broader group. There are notable differences between markets. Respondents in the U.S., China, Brazil, India and Malaysia are generally much more positive about sponsorship than those in Western European markets. Football fans are slightly more likely than the broader group to think football is over-commercialized. Across 18 markets, on average 30% of those interested in football agreed with this statement. In the U.K. this figure jumps to 44%, in Spain 55% and in France 43%. By contrast, in Japan, it was 20% and in China just 15%. In general, the percentages of those interested in football who agreed with the negative statements around sponsorship are not large. Nevertheless, they are not insignificant, underscoring the need for sponsor brands to activate carefully, and strive to give something back to the fans and the sport when doing so" [14].

The development of the sponsorship market can be observed in Poland since the 1990s. This change is confirmed by a second report on the Polish sports sponsorship market published on 1 March, 2018 by a consulting company from Wrocław, Sponsoring Insight Sp. z o.o. [14]. In the report, the authors state that the value of the Polish sports sponsorship market is PLN 870,700,000. The current value of the market in USD is 250,120,000 (the sum is based on the average rate as of 29 December, 2017 [15]). In the group of TOP 20 companies that bought the highest number of services under sports sponsorship agreement in 2018, there are 12 state-owned companies [16].

TOP 20



Fig. 2. TOP 20 brands with major sports sponsorship agreements in 2018 [16]

Published as reports, the majority of publications about sports sponsorship [17] discuss it in terms of a source of income and the value of the image of a sports club, federation or association. Scarcely any research papers or books about direct benefits for the sponsor that can be used to optimise a company's profit and loss statement or about entries in a ledger that reflect such an economic event are published. Having analysed the available source materials, the author did not find the unequivocal answer to the question asked in the article's title.

SCIENTIFIC GOAL

Analysing texts and tax interpretations, the author's goal is to find an answer to the following question: Are the activities undertaken by the state-owned companies concerning the sponsorship of professional sport in Poland related to an indirect distribution of funds from the state budget, or are they a series of economic events that can be objectively justified, thus being an objectively profitable necessity for the budget?

MATERIAL AND METHOD

For the purposes of this article, the author has analysed professional publications that describe and clarify current interpretations of the tax law and are most often used in accounting companies, which have experience in accounting business operations and own certificates issued by the Ministry of Finance of the Republic of Poland and the Accountants Association in Poland. Moreover, the author has analysed and drawn conclusions from reports compiled by Nielsen Sports, a provider of research on global sports market, and Sponsoring Insight, a Polish company that specialises in doing research on the market of sports sponsorship in Poland. She has also used conclusions from comments and conversations with the speakers of the First International Congress on Sports Market, which was organised on 24-25 May, 2018 at Gdansk University of Physical Education and Sport. The main sources of information about the funding from the joint stock companies owned by the State Treasury include annual reports issued by football clubs, such as Zagłębie Lubin, Skra Bełchatów and Lechia Gdansk, as well as information materials about the TEAM100 programme published by the Ministry of Sport and Tourism [18] and the Polish National Foundation. The author has also made a review of selected publications, articles and monographs devoted to sports sponsorship [19-29].

RESULTS

Taking into consideration the arguments from the literature review, it can be stated that sports sponsorship has a significant influence on the economic situation of a sponsor that gains in appeal with the clients creating the brand's image with the use of values such as victory, fair competition, expertise, breaking down barriers and breaking the limits. On the other hand, a sponsor can include sponsorship expenses in tax-deductible expenses and reduce the company's income tax basis, which is not the case with grants, financial support or donations. Those rules apply to market players that represent private capital or to those that have the founding capital or are directly funded by the state budget or local authorities. In each case, the expenses and revenues from sponsorship are to be recorded in the ledger of a sponsor and a club. They will appear as a cost in the entry related to a business operation in accounts under group 4 and as a revenue in accounts under group 7; mutual settlements are to be included in accounts under group 2. Both entities should declare them in registers, VAT declarations and SAF-T reports.

In the title of this article, the author wonders whether sponsorship provided by state-owned companies can be treated as a sign of philanthropy. Following financial settlements, the answer is negative. As it has been proved, sponsorship is a mutual agreement and expenses related to it can be treated as tax-deductible sheet costs, thus from a formal point of view, we should not talk about a benefactor and beneficiary, tax on inheritance and donations or tax on civil law transactions, but a sponsor and a sponsored entity. These events are accompanied by completely different tax groups.

A new report published by Nielsen Sports as well as opinions expressed by experienced people (see the post-congress materials on the speech about Duisburg port sponsoring Borussia Dortmund that was given by Peter Plewa from Duisburg Hafen AG during the First International Congress on Sports Market organised on 24-25 May, 2018 at Gdansk University of Physical Education and Sport) prove that the meaning of sponsorship is far broader than just a simple display of logo, its time duration and value. Sponsorship is much more often used in business activity related to negotiations and its surrounding atmosphere created through procedures such as hospitality, customer relations management and business-to-business sales. Companies whose shares are owned by the State Treasury are also engaged in such an activity. It is enough to mention the well-known publicity campaign of PKN Orlen S.A. using the images of Polish athletes and the Polish Olympic Committee logo as well as the marketing activity of Gdansk company Lotos related to the FIFA World Cup Russia 2018. It should be admitted, however, that using sponsorship in such an effective way is not common. As an example of a situation in which the opportunities and advantages resulting from a combined effort are not fully exploited one can mention the cooperation between PGE Górnictwo i Energetyka Konwencjonalna S.A. and Skra Bełchatów volleyball team. Although it can be said that in the past the cooperation between these two entities was exemplary, today it is not as imaginative as the cooperation established by the already-mentioned companies from the petrochemical industry.

Since July, 2017, when the TEAM100 programme was established on the initiative of the Minister of Sport, Witold Bańka, and as a result of the activity of the Polish National Foundation, it can be observed that the state has adopted an active policy of funding junior and young (18-23 years old) athletes who make

the Polish national team perform very well in the Olympic and Paralympic sports, achieving outstanding results in individual sports. The TEAM100 programme is a first systemic solution which regulates the public funding of sports activity that is not related to sponsorship in its purely commercial dimension yet is based on mutual benefits originating from athletes' image and their achievements. Every beneficiary of the programme receives an annual scholarship of PLN 40,000 that covers the expenses for development and optimization of training processes (the sum can be spent on, for example, a physiologist, a psychologist, a dietician, a sports medicine physician, tuition fees or other costs of education). Despite ranking high in medal tables [30, 31], professional athletes who practice Olympic sports find it difficult to achieve a sufficiently high level of media interest that guarantees them a long-lasting position attractive to potential sponsors. In the case of Polish sport, there is only one exception, namely the Polish Ski Association, which is represented by a cross-country skier, Justyna Kowalczyk, and the national team of ski jumpers, who, in a professional and well-thought-out way, have built their brand using the electronic market and social media. Having used the advantages of their statutory activities, the Polish National Foundations (that is responsible for sponsoring and administering the money from the state-owned sponsors: PGE, Enea, Energa, Tauron, Powszechny Zakład Ubezpieczeń, Powszechna Kasa Oszczędności Bank Polski, Polska Wytwórnia Papierów Wartościowych, Totalizator Sportowy, Polskie Górnictwo Naftowe i Gazownictwo, Polski Koncern Naftowy Orlen, Grupa Lotos, KGHM Polska Miedź, Grupa Azoty, Polska Grupa Zbrojeniowa, Polska Wytwórnia Papierów Wartościowych, Polski Holding Nieruchomości i Polskie Koleje Państwowe), the Minister of Sport and Tourism (responsible for an administrative and strategic supervision) and the Institute of Sport – National Research Institute (responsible for content-related supervision and plans for development prospects) have created a list of about 200 athletes who meet the criteria of age and achieved results, not including in their assessment the criterion of advertising value equivalency. As of September 2018, among the beneficiaries, there are 27 representatives of Paralympic sports and 175 representatives of Olympic sports associations. Table 1 presents a numerical distribution of beneficiaries according to their disciplines.

The TEAM100 programme determines that beneficiaries can spend the awarded resources at their own discretion, yet they are obliged to account for expenses individually and document them in a written form. Moreover, their sports results are verified every year as well as their proper behaviour, which is described in the beneficiary's codes of ethics (it regulates social, educational and anti-doping issues). The programme provides a continuous funding for a period of 3 years. According to the information published by the Polish National Foundation and the Ministry of Sport and Tourism, it can be estimated that since the beginning of the programme, about 50% of its beneficiaries won medals during world or European championships.

Therefore, it can be stated that the Polish government has solved the problem of recruitment into internal services and public utility institutions by supporting those people who represent specific and desired qualities, such as fitness, determination, competition, a desire to avoid failure. By offering grants to young athletes, the state hopes that they will become attached to the State Treasury as an attractive future employer. It is obvious that although such an agreement is not a written obligation, the strategy is to use soft methods of personal policy and a mechanism of mutual service that is characteristic of a sponsorship agreement.

Table 1. Beneficiaries of the TEAM100 programme established by the Polish National Foundation organised according to sports disciplines (as of September 2018) [32].

Item no.	Discipline	Number of beneficiaries of the TEAM100 programme
1	Badminton	6
2	Biathlon	1
3	Cross-country skiing	1
4	Boxing	2
5	Judo	5
6	Canoeing	26
7	Karate	1
8	Cycling	22
9	Athletics	40
10	Archery	2
11	Figure skating	1
12	Speed skating	7
13	Alpine skiing	1
14	Modern pentathlon	3
15	Swimming	20
16	Weightlifting	3
17	Diving	1
18	Ski jumping	3
19	Snowboard	1
20	Luge	2
21	Shooting sports	2
22	Fencing	13
23	Taekwondo	4
24	Tennis	3
25	Table tennis	1
26	Rowing	15
27	Wrestling	13
28	Sailing	3

Source: Own study

DISCUSSION

The changes that have been taking place in the sports market for several years are accompanied by the evolution of sponsorship. According to estimates presented by Sponsoring Insight, the value of the Polish sports sponsorship market would amount to about PLN 1 billion in 2020 [32].

The already-mentioned interpretations issued by the Minister of Finance and commentaries made by professionals assume that there is a general model of sponsorship and discuss a widely-accepted mutual service in a form of sponsorship in return for displaying a sponsor's logo. The existing practice also indicates that advertising value equivalency can be a useful tool to measure the effectiveness of sponsor's expenses. It is also worth noting that the trend of digitalisation of sponsor's promotion and the increased effectiveness of marketing campaigns launched by a sponsor and a sponsored entity with the use of customer databases and the rise in sponsor's importance among its employees is becoming more and more common.

Global sponsorship spending from 2007 to 2018 (in billion U.S. dollars)

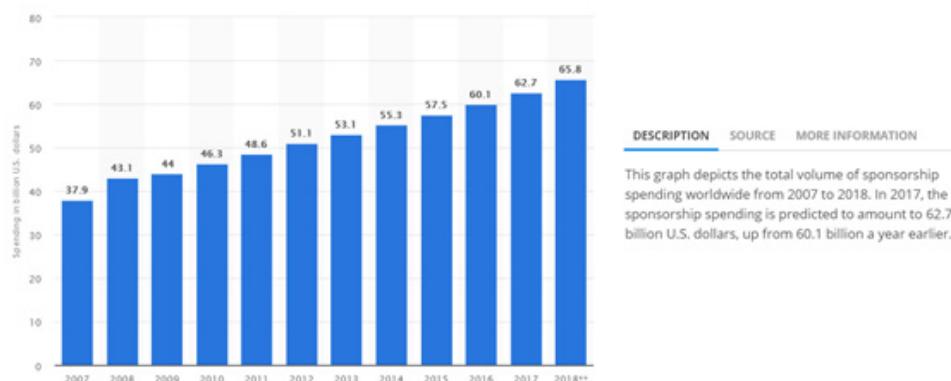


Fig. 3. The value of global sponsorship market in 2007–2018, based on the data available at the statistics database website www.statista.com [Accessed on 28 July, 2018] [33]

Global sponsorship spending by region from 2009 to 2018 (in billion U.S. dollars)*

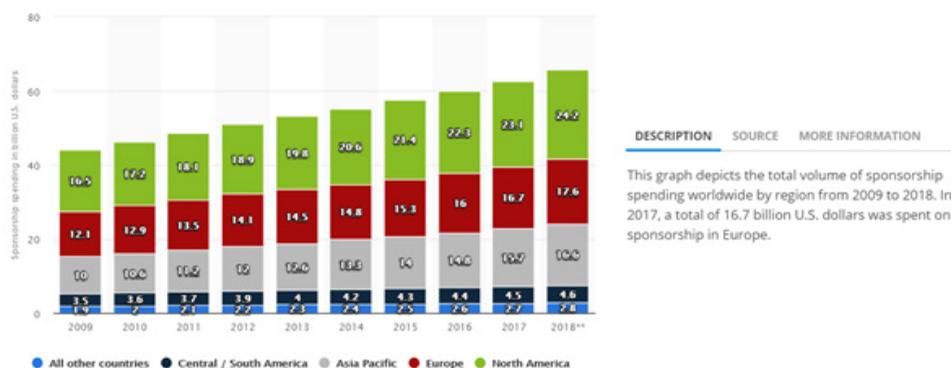


Fig. 4. The value of global sponsorship market in 2009–2018 organised by continents: North America, Europe, Asia Pacific, Central and South America, based on the data available at the statistics database website www.statista.com [Accessed on 28 July, 2018] [34]

Taking into consideration the above-mentioned facts, it is easy to understand that state-owned petrochemical companies and power companies, after the economic liberalisation of the energy market in Poland, are engaged in sponsorship and advertisement targeted directly at end consumers. The choice of sponsored sports disciplines and their relations with the target public may be questionable (for example, there is a lack of significant involvement in the motorcycle speedway league in Poland); however, it cannot be denied that such activities, carried out in a well-thought-out and long-term manner, should be reflected in the number of generated transactions that constitute a component of the results on retail sales. In the face of the development of pari-mutuel betting sector in the Internet market and consequently the end of the state monopoly on this matter in the traditional market, the engagement of state-owned lottery and sports betting company Lotto in sponsorship seems unquestionable.

A comparison of sponsor industry sectors in Poland and Europe reveals significant differences. While the Polish market is dominated by the companies from industries that are strategically related to the State Treasury, the European approach is typically commercial. A common part for both markets is composed of companies related to pari-mutuel betting sector, new technologies, on-line services, IT and software as well as finances and banking.

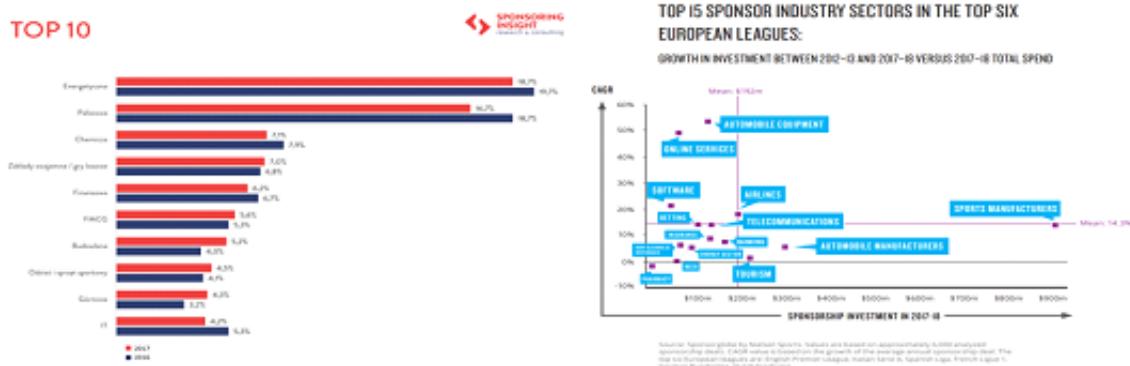


Fig. 5. Top 10 sponsor industry sectors in Poland according to the report published by Sponsoring Insight [16] and Top 15 sponsor industry sectors in the biggest European football leagues [14]

Such a comparison and differences that appear on contrasted markets make us assume that apart from tax benefits concerning eligibility of promotion and marketing costs, Polish companies enter into sponsorship agreements with sports clubs so as to indirectly subsidise sport through the State Treasury's financial reserves. A larger group of companies formed with the participation of the State Treasury also funds young athletes through the Polish National Foundation. In the second case, the state's benefit is to acquire people with qualifications and skills as well as shape the desired character traits, shorten the process of recruitment of new employees of organs and services of public utility, middle-ranking officers of internal services and state defence formations.

CONCLUSIONS

It can be assumed that, if state-owned companies do not offer financial resources for this purpose, they will be ultimately transferred to the state budget in the absence of action and eligibility of costs. Not reducing their income tax basis through sponsorship costs and donations to the foundation, the companies would pay a higher dividend. In reality, however, money circulates faster and its spending may be more goal-oriented, which of course favours effectiveness. Obviously, the article does not exhaust a broad scope of the discussed problem. Perhaps, due to future research in the subject, a complete systematisation of the scientific field in question will be possible.

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