

### **Corporate sponsorships likely can be used as a federal income tax deduction**

While contributions to the West Virginia Housing Institute Inc.'s convention (a section 501(c)(6) organization) are not deductible as charitable contributions on the donor's federal income tax return, the contributions may be deductible as trade or business expenses if those expenses are ordinary and necessary in the conduct of the taxpayer's business, according to WVHI's accounting firm, Woomer, Nistendirk & Associates, PLLC, of Charleston.

For example, if a company makes a contribution that is deemed to be advertising or a sponsorship, it likely could be used as a deduction. Since WVHI recognizes all the companies that support its annual convention and lists the companies as sponsors on all WVHI promotional material, the companies probably could deduct the amount paid as advertising or marketing. However, each company would need to make this determination for itself by consulting its tax adviser.

This is not a legal opinion, but is the expert advice of Woomer, Nistendirk & Associates, PLLC, which was given to WVHI as guidance only to WVHI's membership. (March 11. 2014)