Maja Grdinić, PhD, Associate Professor

Tax Policy of the EU Member States and Food Donations

An analysis of EU Member States' tax systems and tax policies related to tax benefits and incentives for donated food shows that donating food is expensive and complicated from the donors' perspective, as donors have to spend time and money collecting, packaging, storing and transporting surplus food that they would otherwise throw away at much lower cost.

Nevertheless, there are some positive examples of EU Member States that, by creating tax policies, enable the use of tax incentives, reduce tax and administrative barriers to food donation and make food donation cheaper.

The tax reliefs existing in the tax systems of the countries are recognized as a deduction from the tax base or as a tax credit in the context of Corporate Income Tax and in the context of Value Added Tax (VAT).

Tax relief under Corporate Income Tax is not exclusively focused on food donations, but is applied in a broader context to donations to various charitable, sporting, artistic and educational institutions, namely (IBFD, Tax Research Platform, 2025):

- Austria, Bulgaria, Estonia, Poland: Deduction up to a maximum of 10% of annual profit;
- Croatia: Deduction up to a maximum of 2% of the gross profit earned in the previous year;
- Cyprus and Portugal: deduction of the entire amount of donations to charitable organizations;
- Czech Republic: Deduction of up to 30% of the tax base for donations in excess of CZK 2,000;
- Denmark: Deduction up to a maximum amount of DKK 19,000 per year;
- Finland: Deduction of EUR 850 to EUR 250,000 per donation;
- Germany: Deduction of up to 20% of total income or up to 0.4% of total income and salaries;

- Ireland: Deduction of the entire amount; minimum donation of EUR 250 per year;
- Latvia: tax credit of up to 5% of the previous year's profit;
- Luxembourg: Deduction of up to EUR 1 million or 20% of net profit, whichever is lower;
- Slovenia: Deduction of up to 5% of the profit.

On the other hand, the rules for VAT taxation of donated food are partly regulated at EU level by the VAT Directive 2006/112/EC, which states that VAT must be paid on food intended for donation if the VAT paid by the donor at the time of purchase is fully or partially deductible. In addition, there are specific provisions in the national tax laws of a number of countries that regulate the issue of VAT in relation to food donations as follows:

- food is taxed at reduced VAT rates;
- donated food is fully exempt from VAT;
- donated food is taxed at a zero rate.

Some of the countries that have provided VAT exemption for donated food under certain conditions are: Italy, Belgium, Croatia, Greece, Bulgaria, France, Germany, Spain and Sweden.

Thus, the VAT Directive allows Member States to exempt certain donations from VAT, in particular when goods are donated to registered charities, but this possibility is not used by all Member States and national tax authorities have considerable leeway in implementing these provisions.

It can be concluded that the EU is continuously working on harmonising and improving the rules to make national tax systems more attractive for food donors. However, systematic and accelerated work is still needed to reduce administrative barriers and achieve greater harmonisation at EU level in order to reduce food waste and thus poverty and social inequality.