

## South African Corporate Social Responsibility

### South African Revenue Services Tax Deduction Information

#### Tax deductible donations (Section 18A receipts)

The South African Government has recognised that certain organisations are dependent upon the generosity of the public and to encourage that generosity has provided a tax deduction for certain donations made by taxpayers.

The eligibility to issue tax deductible receipts is dependent on section 18A approval granted by the TEU, and is restricted to specific approved organisations which use the donations to fund specific approved Public Benefit Activities.

A taxpayer making a bona fide donation in cash or of property in kind to a section 18A-approved organisation, is entitled to a deduction from taxable income if the donation is supported by the necessary section 18A receipt issued by the organisation or, in certain circumstances, by an employees' tax certificate reflecting the donations made by the employee. The amount of donations which may qualify for a tax deduction is limited.

<http://www.sars.gov.za/ClientSegments/Businesses/TEO/Pages/default.aspx>

#### 7.2 Deduction from the taxable income of a taxpayer

A taxpayer, which includes an individual, trust or company, making a bona fide donation in cash or of property in kind is entitled to a deduction from the taxpayer's taxable income

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provided the donation is actually paid or transferred during the year of assessment to the section 18A-approved organisation.

A taxpayer may make a donation directly to a section 18A-approved organisation or through a payroll-giving programme operated by the taxpayer's employer.

Any claim for a tax deduction from taxable income of a taxpayer will be allowed only if supported by –

- a section 18A receipt issued by a section 18A-approved organisation; or
- an employees' tax certificate (IRP 5) issued by an employer.

There is a limitation on the amount of a donation that will qualify as a tax deduction from the taxable income of a taxpayer. Any excess amount which is disallowed solely for the reason that the donation exceeds the amount allowed to be deducted from the taxable income of the taxpayer for a year of assessment may be carried forward to the succeeding year of assessment for purposes of section 18A.

The allowable deduction from the taxable income of a taxpayer that is a portfolio of a collective investment scheme is determined in accordance with a specific formula.

(<http://www.sars.gov.za/AllDocs/OpsDocs/Guides/LAPD-IT-G17%20-%20Basic%20Guide%20to%20Tax%20Deductible%20Donations%20-%20External%20Guide.pdf>)

Bright Eyes Tax Exempt Status :

Registered 18A organization reference number : 930055397

NON PROFIT ORGANISATION

NPO 175 712 TAX 2471520177