



Tax Compliance for the Non Profit Sector

Tax Exempt Institutions (TEI) Segment:
Enterprise Services & Support

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OBJECTIVES



To engage taxpayers from the non profit sector about their statutory obligations.

To encourage tax compliance of non profit companies and non profit organisations.

To build and maintain relationships with the non-profit sector.

To create a communication platform for SARS and the non-profit sector.

To highlight the incentives/benefits of tax registration and compliance.

SARS Vision for 2024

***A SMART, MODERN SARS WITH UNQUESTIONABLE
INTEGRITY, TRUSTED & ADMIRER***

THIS ASPIRATION IMPLIES:

INTERNALLY, we

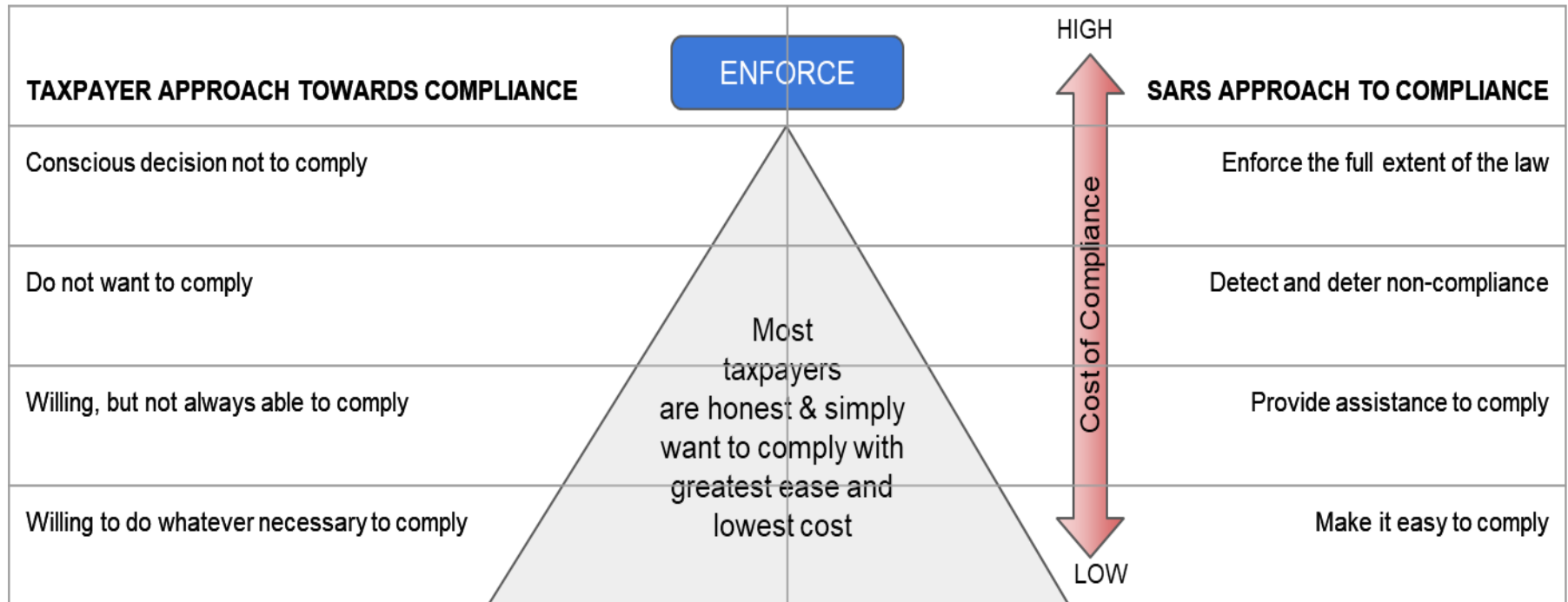
- Engage stakeholders ethically and beyond reproach
- Use technology and data to build an intelligent organization
- Evolve our staffing model towards high value knowledge & service work
- Become an Employer of Choice with a high performing, engaged workforce

EXTERNALLY, we

- Achieve substantially our strategic intent of Voluntary Compliance
- Benchmark against the best among our peers internationally
- Regain public trust and confidence
- Provide the financial resources for Government to deliver

SARS Compliance Approach

*WE BELIEVE THAT **MOST** TAXPAYERS ARE HONEST AND SIMPLY WANT TO FULFIL THEIR OBLIGATION WITH THE LEAST AMOUNT OF EFFORT & COST*



Introduction to Tax Exempt Institutions



The non-profit sector plays a significant role in society as it shares responsibility with Government for the social and development needs of the country.

The fact that an organisation is constituted as a non-profit company or a non-profit organisation does not mean that it qualifies for approval as a Public benefit organisation (PBO) or other exempt institution.

SARS provides a preferential income tax treatment to help save the non-profit sector's financial resources.

The preferential income tax treatment is not automated- organisations must apply for exemption and be approved by SARS.

An organisation will only enjoy the preferential tax treatment only after it has applied and has been granted approval by the Commissioner and continues to comply with the prescribed requirements.

Tax Exempt Institutions

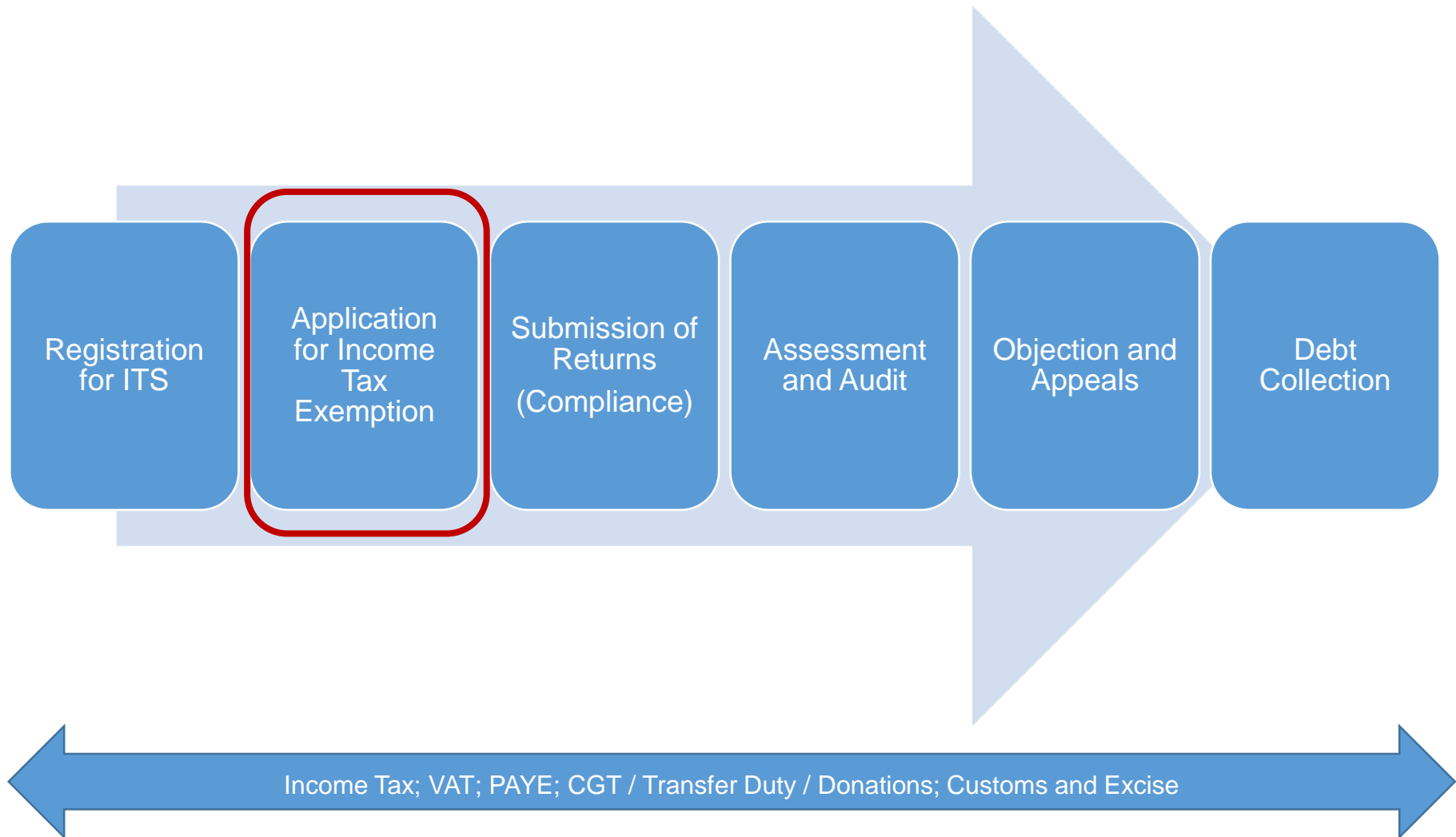
Exempt Entity	Section of Act
Public Benefit Organisations (Section 30)	Section 10(1)(cN)
Recreational Clubs (Section 30A)	Section 10(1)(cO)
Associations (Section 30B)	Section (1)(d)(iii) or (iv)
Small Business funding entity (Section 30C)	Section 10(1)(cQ)
Home Owners Associations	Section 10(1)(e)(i)(cc)
Government Institutions	Section 10(1)(cA)(i) –
Private companies owned by Government	Section 10(1)(cA)(ii)
	Section 18A
	Schedule 9 of ITA

Benefits of Approval

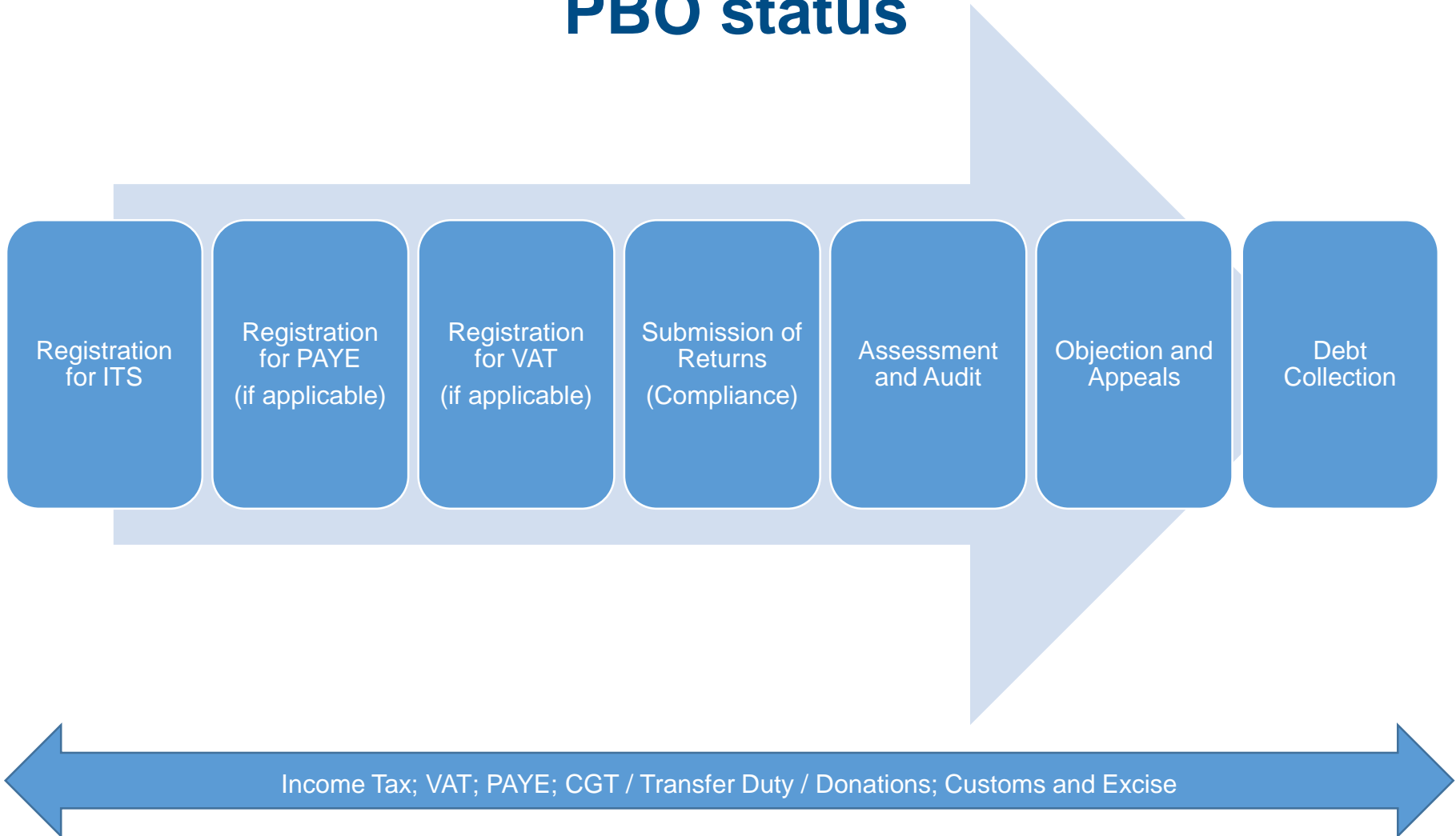
- Organisations that have been approved by SARS as public benefit organisation (PBO) will benefit from the preferential income tax treatment.
- The approval letter issued by SARS will provide the effective date of the income tax exemption.

Tax Concessions	Tax Liability
Preferential Tax Treatment	PAYE
Donations Tax	VAT
Estate Duty	Customs Duties
Security Transfer	Excise Levies
Dividends	
Transfer Duty	
CGT	
Welfare Organisation (VAT)	

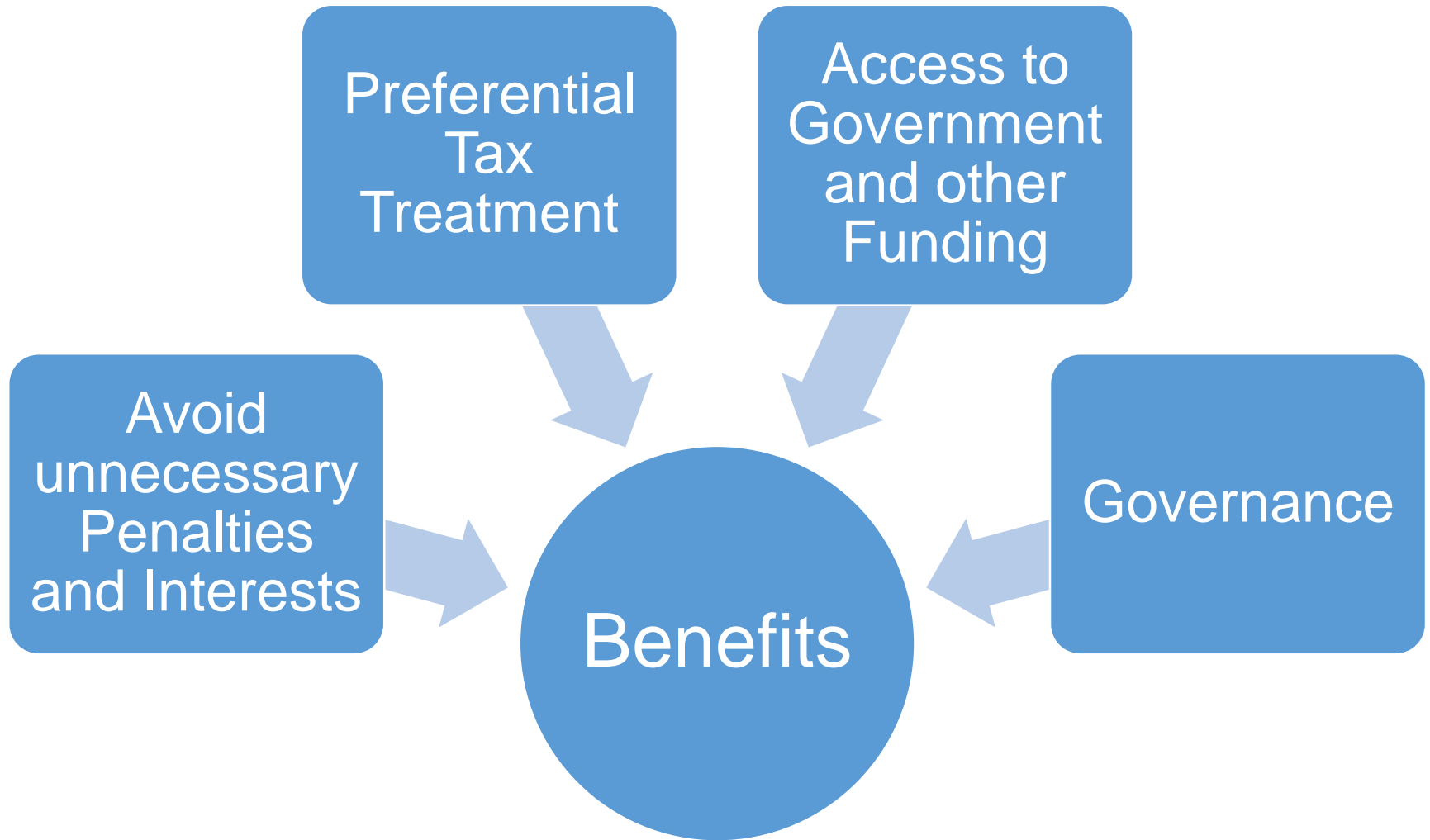
Approval as PBO and compliance



Tax Compliance Value Chain regardless of PBO status



Benefits of Compliance



Covid-19 – Tax Relief Measures

Employers

- Increase in Employment Tax Incentives (ETI's) to assist employers retain employees – 1 April to 31 July 2020
- Accelerating payment of ETI reimbursements from bi-annually to monthly to assist with cash flows – 1 April to 31 July 2020
- Deferment of the Payment of Employees Tax to qualifying entities (gross annual turnover <R100 million) – 1 April to 31 July 2020
- Skills Development Levy contribution holiday to assist with cash flows – 1 May to 31 August 2020

Section 18A and Tax Exemption

- Increase in the deduction available for donations made to the Solidarity Fund from 10% to 20% - 1 April 2020 to 28 February 2021 for individuals [companies 1 April 2020 to 1 January 2021]
- Increasing payroll giving deduction on PAYE for donations made to the solidarity fund – 1 April 2020 to 30 September 2020
- Deeming certain Small Business Funding Entities approved by SARS as Public Benefit Organisations – 1 April 2020 to 30 September 2020

TEI Contact Details

Name	E-Mail
TEI Mailbox	TEI@sars.gov.za
Operational – Applications etc.	TEU@sars.gov.za

Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza