SOUTH AFRICAN SPORT ANGLERS AND CASTING CONFEDERATION

BYLAW 13
APPLICATION FOR TAX EXEMPTION PUBLIC BENEFIT ORGANISATIONS (PBO)

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INCOME TAX EXEMPTION

14.1. Preferential tax treatment is granted to non-profit organisations established for the benefit of the public. However, this preferential treatment will only be available to organisations complying with the provisions of the Act and related legislation, both on application for exemption from taxes and duties, and thereafter on a continuous basis throughout the existence of the organisation.

14.2. Approved PBO's have the privilege and responsibility of spending public funds in the public interest on a tax-free basis, which they derive from donors including the public and directly or indirectly the State. It is therefore important to ensure that exempt organisations utilise their funds responsibly and solely for their stated objectives, without any personal gain being enjoyed by any person including the founders and the fiduciaries.

14.3. Being a NPO such as a company incorporated under section 21 of the Companies Act, No.61 of 1973 or being registered under the NPO Act, is not, in itself sufficient to justify an income tax exemption. The Commissioner will approve a PBO only if its sole or principal object is to carry on one or more of the listed Public Benefit Activities (PBA's) and only if it complies with the other prescribed requirements of the Act as detailed hereafter.

TYPE OF ORGANISATION

14.4. To be approved by the Commissioner as a PBO an organisation must be constituted in one of the following ways:

14.4.1. A company incorporated and registered in the Republic under Section 21 of the Companies Act, 1973 whose founding document is a memorandum and articles of association.

14.4.2. A trust established in the Republic and registered with the Master of the High Court whose founding document is a trust deed.

14.4.3. An association established as a voluntary association of persons whose founding document is a Constitution adopted by its members.

14.4.4. A branch established by a foreign charitable organisation which is exempt from income tax in its country of origin.

PUBLIC BENEFIT ACTIVITIES

14.5. PBA'S are categorised as follows:

14.5.1. Welfare and Humanitarian
14.5.2. Health Care
14.5.3. Land and Housing
14.5.4. Education and Development
14.5.5. Religion, Belief or Philosophy
14.5.6. Cultural
14.5.7. Conservation, Environment and Animal Welfare
14.5.8. Research and Consumer Rights
14.5.9. Sport
14.5.10. Providing funds, assets, etc. to approved organisations carrying on PBA'S.
14.5.11. General

SPORTING ASSOCIATIONS

14.6. Sporting associations, which qualify for exemption from tax, can be divided in two categories, namely "Social and Recreational Clubs" and "Amateur Sporting Bodies". Although both categories qualify for tax exemption, they are exempt in terms of different sections of the Act. Professional sporting bodies do not qualify for exemption from income tax.

14.6.1. **Social and recreational clubs:**

(a) Clubs are to provide social and recreational amenities or facilities to their members, and not to the public. Members of the public must become members if they are to enjoy the use of the facilities or amenities. These clubs include recreation clubs such as tennis, golf, bowls, angling and social clubs formed for common interests of the members such as cultural, music, literature, art, quilters, stamp collecting, etc. Certain recreational clubs provide meals, liquor or other refreshments.

(b) Social and recreational clubs providing amenities or facilities for their members qualify for a partial exemption, provided they are approved by the Commissioner in terms of section 30A of the Act. Approved clubs in terms of section 30A, are exempt from normal tax on membership fees and subscriptions and in respect of receipts and accruals that are integral and directly related to the sole or principal object of providing social and recreational amenities or facilities for the members, provided certain conditions be met. Receipts from fundraising activities will also be exempt provided the activities be of an occasional nature and undertaken substantially with assistance on a voluntary basis without compensation. A basic exemption has been provided for receipts and accruals derived from other sources to the extent of the greater of 5% of the total membership and subscriptions for the relevant year or R50 000.

14.6.2. **Amateur sporting bodies**

(a) The administration, development, co-ordination or promotion of sport or recreation in which the participants take part on a non-professional basis as a pastime, is included in the Ninth Schedule as an approved PBA. An organisation that complies with the provisions of section 30 of the Act and conducts such PBA'S may qualify for approval as a PBO.

(b) Organisations engaged in amateur sporting activities could include regional, provincial or national federations, formed to administer, develop, co-ordinate or promote a particular sport or code, provided the participants partake in the sport as a pastime, on a non-professional basis and not rewarded financially.

PROCEDURE FOR APPLYING FOR EXEMPTION FROM INCOME TAX

14.7. Angling organisations wishing to apply for exemption from income and for approval for donations to be tax deductible in terms of section 18A of the Income Tax Act must submit the following documentation to the Tax Exemption Unit:

14.7.1. A completed "Application for Exemption from Income Tax Form" (EI 1) (see SASACC Annexure R). The EI 1 Form can also be downloaded from the SARS website:

http://www.sars.gov.za/home.asp?pid=170#The%20Tax%20Exemption%20Unit%20(TEU)%20at%20SARS

14.7.2. If your angling organisations is currently not formally exempt from income tax, you must also submit an "Income Tax Exemption - PBO Written Undertaking Form (EI 2)" This is a written undertaking that your angling organisation will comply with the provisions of section 30 of the Income Tax Act. The EI 2 Form must be completed, duly dated and signed by three (3) unconnected persons accepting fiduciary responsibility for the angling organisation. The EI 2 Form can be obtained in Annexure S or can also be downloaded at the abovementioned web address.

14.7.3. Your Angling Organisation's signed Constitution must be attached

14.7.4. An income and expenditure statement for the relevant period in existence must be attached to your application to enable the Tax Exemption Unit to ascertain the source of funds and how the income will generally be applied. It is recommended that you attach your last Annual Financial Statements.

GENERAL

14.8. Recently established angling organisations, which have no Annual Financial Statements (AFS) available, must make a declaration to that effect on Part I of the Application for Exemption from Income Tax Form (EI 1).

14.9. Please note that if not all the requested information and supporting documentation are submitted together with the EI 1 application form, the application will be returned.

14.10. The Commissioner may approve an application for exemption with retrospective effect, if application is made before the last day of the first year of assessment of the organisation or before 31 December 2004, whichever is the later. However, no retrospective approval for purposes of section 18A may be given.

14.11. Where a PBO commences activities and applies for approval before the last day of its first year of assessment, the Commissioner may approve the PBO with effect from the date on which that organisation qualified for approval.

CONTACT DETAILS OF THE TAX EXEMPTION UNIT

14.12. **Postal Address:**

Tax Exemption Unit SARS
PO Box 11955
HATFIELD 0028

14.13. **Physical address:**

Pro-Equity Court
1250 Pretorius Street,
Hatfield,
Pretoria 0083

14.14. **Telephone Details:**

Telephone : 012 - 422 8800
Fax : 012 - 422 8830 / 012 - 422 8850
E- Mail : teu@sars.gov.za
SARS website : www.sars.gov.za - Tax Exemption Unit: on the

SARS website under “Taxes” on the left hand menu select Exemptions” in the drop down menu.