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Enquiries  
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Reference\*  
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Date  
18 March 2014

The Public Representative  
El-Shammah Home for Abandoned Babies  
P O Box 17011  
Atlasville  
Boksburg  
1465

271 Veale Street  
Brooklyn, Pretoria  
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[www.sars.gov.za](http://www.sars.gov.za)  
[teu@sars.gov.za](mailto:teu@sars.gov.za)

Tax No

Dear Sir / Madam

9745981150

**APPLICATION FOR INCOME TAX EXEMPTION APPROVED: EL-SHAMMAH HOME FOR ABANDONED BABIES; PBO NO 930045017**

The South African Revenue Service (SARS) would like to confirm that your application for exemption from income tax has been approved as you meet the requirements of a Public Benefit Organisation (PBO) set out in section 30(3) of the Income Tax Act No 58 of 1962 (the Act). Your Income Tax Exemption has been granted in terms of section 10(1)(cN) of the Act. Annual receipts and accruals will therefore be subject to the provisions of section 10(1)(cN) of the Act and accruals and receipts from trading or business activities which fall outside the parameters of section 10(1)(cN) will be subject to tax.

The following exemptions also apply and are limited to:

1. The public benefit organisation has been approved for purposes of section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in section 18A of the Act.
2. Donations made to or by the PBO are exempt from Donations Tax in terms of section 56(1)(h) of the Income Tax Act.
3. Exemption from the payment of Estate Duty in terms of section 4(h) of the Estate Duty Act No.45 of 1955.
4. Exemption from the payment of the Skills Development Levy (SDL) in terms of section 4(c) of the Skills Development Levies Act No. 9 of 1999.

In order to maintain your exempt status, the following conditions must be complied with:

1. Where applicable, amend the founding document stipulating the requirements of the exemption approved. A signed copy of the amended founding document must be submitted to the Tax Exemption Unit (TEU) within 12 months by:

- Scanning and emailing the document to [teu@sars.gov.za](mailto:teu@sars.gov.za) or
  - Posting these to: PO Box 11955, Hatfield, 0028.
2. When issuing a tax deductible receipt it must include the following information:
    - a) The reference number (the PBO number quoted on this letter).
    - b) The date of the receipt of the donation.
    - c) The name and address of the organisation issuing the receipt to which enquiries may be directed.
    - d) The name and address of the donor.
    - e) The amount or nature of the donation if not in cash.
    - f) Certification that the receipt is issued for the purpose of section 18A and that the donation will be used exclusively for the activities which are approved for section 18A purposes.
    - g) The receipt must be issued in the year when the donation is received by the organisation approved for purposes of section 18A.
  3. Submit an annual Income Tax Return (IT12EI) by the due date via SARS eFiling or manually. Your IT12EI can be obtained by
    - Registering online at [www.sarsefiling.co.za](http://www.sarsefiling.co.za) to access, request and submit the IT12EI electronically
    - Calling the SARS Contact Centre on 0800 00 SARS (7277)
    - Requesting an IT12EI by contacting the TEU on [teu@sars.gov.za](mailto:teu@sars.gov.za) or calling (012) 483 1700
    - Requesting an IT12EI by visiting your local SARS branch.
  4. Furthermore, given the S18A approval granted, you must submit with your annual tax return, a statement and supporting documentation which include the full particulars of all the receipts issued in respect of deductible donations and how these funds were spent.
  5. The exemption approval as contained in this letter is subject to review on an annual basis by the TEU upon receipt of annual income tax return and S18A supporting documentation.
  6. SARS must be informed in writing within 21 days of any change in registered particulars (e.g. Representative, change of name, address, trustee details, office bearers, etc.).
  7. Tax deductible receipts may only be issued for bona fide donations. Refer to Annexure A for more information in this regard.

For further information or assistance, email your query to [teu@sars.gov.za](mailto:teu@sars.gov.za), visit the SARS website [www.sars.gov.za](http://www.sars.gov.za), call the TEU on 012 483 1700 or visit the TEU offices. Kindly ensure that you have your ID and tax reference number on hand to enable SARS to assist you.

Sincerely



R Julius  
Tax Exemption Unit

**ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE**

## **Annexure A: Information pertaining to S18A donations**

### **What is considered a *bona fide* donation for S18A purposes?**

A *bona fide* donation is a voluntary, gratuitous gift disposed of by the donor out of liberality or generosity, where the donee is enriched and the donor impoverished. There may be no *quid pro quo*, no reciprocal obligations and no personal benefit for the donor. If the donee gives any consideration at all it is not a donation. The donor may not impose conditions which could enable him or any connected person in relation to himself to derive some direct or indirect benefit from the application of the donation.

### **Examples of what does **NOT** constitute a *bona fide* donation for purposes of section 18A?**

1. Donation of services rendered such as a professional person renders a skill free of charge.
2. An amount paid for attending a fundraising dinner, dance or charity golf day.
3. The amount paid for the successful bid of goods auctioned to raise funds by an organisation and Memorabilia, paintings, etc, donated to be auctioned to raise funds
4. Amounts paid for raffle or lottery tickets.
5. Amounts paid for school fees, entrance fees for school admittance or compulsory school levies.
6. Value of free rent, water and electricity provided by a lessor to the lessee which is an approved PBO.
7. Payments in respect of debt due