

INTERPRETATION NOTE 122 (Issue 2)

DATE: 27 March 2026

ACT : INCOME TAX ACT 58 OF 1962
SECTION : PARAGRAPH 11(b) IN PART I OF THE NINTH SCHEDULE
SUBJECT : PUBLIC BENEFIT ACTIVITY: BID TO HOST OR HOSTING OF ANY INTERNATIONAL EVENT

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Preamble

In this Note unless the context indicates otherwise –

- **“Commissioner”** means the Commissioner for the South African Revenue Service appointed under section 6 of the South African Revenue Service Act 34 of 1997, or the Acting Commissioner designated under section 7 of that Act;
- **“Minister”** means the Minister of Finance;
- **“OECD”** means the Organisation for Economic Co-operation and Development;¹
- **“PBA”** means a “public benefit activity” listed in Part I of the Ninth Schedule, and any other activity determined by the Minister by notice in the *Government Gazette* to be of a benevolent nature, having regard to the needs, interests and well-being of the general public as defined in section 30(1);
- **“PBA 11(b)”** means the PBA listed as the bid to host or hosting of any international event approved by the Minister for purposes of this PBA, having regard to the foreign participation in the event and the economic impact the event may have on the country as a whole;
- **“PBO”** means a “public benefit organisation” as defined in section 30(1) and approved by the Commissioner under section 30(3);
- **“Schedule”** means a Schedule to the Act;
- **“section”** means a section of the Act;
- **“TA Act”** means the Tax Administration Act 28 of 2011;
- **“the Act”** means the Income Tax Act 58 of 1962; and
- any other word or expression bears the meaning ascribed to it in the Act.

All guides, interpretation notes, *Government Gazettes*, forms and returns, referred to in this Note are available on the SARS website at www.sars.gov.za. Unless indicated otherwise the latest issue of these documents should be consulted.

1. Purpose

This Note provides guidance on the interpretation and application of PBA 11(b) relating to the bid to host or hosting of any international event approved by the Minister having regard to the specified prescribed criteria.

This Note does not address any other taxes or duties² that may arise when bidding for or hosting an international event, nor does it consider any exemptions that might be necessary for such taxes or duties.

2. Background

Hosting or bidding to host an international event elevates South Africa’s profile internationally by fostering national pride, attracting visitors from abroad, changing perceptions of South Africa as a destination for business and leisure, and generating an inflow of funds. These advantages can be achieved in a tax-efficient manner when the Minister approves an international event for purposes of PBA 11(b), and the

¹ Information is available at www.oecd.org/about/how-we-work/ [Accessed 27 March 2026].

² For example, withholding taxes, value-added tax, transfer duty, or customs and excise.

Commissioner approves the bidding or hosting organisation of the international event as a PBO.

The OECD defines an international event as –³

“an event of a limited duration having global reach in terms of participation, audience and media coverage”.

An international event, which may include for example the Olympic Games, single-sport competitions and cultural events, is therefore typically a short-term occasion that attracts worldwide participation, viewership, and media attention.

The OECD outlines the following advantages that countries can gain from hosting global events: ⁴

“The hosting of global events such as the Olympic Games, Expos, World Cups, Cultural Festivals, and many more have long been seen as opportunities to stimulate growth and development in the countries, and particularly the cities, that host them. Hosts increasingly seek to ensure that such events act as catalysts for local development, are used to leverage long-term infrastructure investments, boost tourism and trade, create jobs and promote community development.

To deliver on these promises, events must be deliberately designed and executed to generate long-term benefits. They need to clearly demonstrate how they impact upon communities to contribute to economic growth and development. Tax incentives, investment and sponsorship deals must be thoroughly assessed and managed to ensure that each event benefits host cities and the awarding body.

Global events can leverage investment, urban, rural and infrastructure development towards progressive opportunities for further job creation, community development, business development, environmental protection, social cohesion and post-event uses.”

Local development benefits often arise during the bidding process as well as before and after hosting an event. These benefits can include enhancements to the environment, infrastructure, and public amenities, increased international exposure, growth in tourism and the visitor economy, promotion of trade and investment, job creation, social and business development, national pride, and greater public engagement. These local development outcomes are key reasons for hosting such events, justifying the investment and serving as motivation to ensure the event’s success. An event should leave a positive legacy, rather than burdening the host country or city with unused, costly facilities or significant debt.⁵

3. The law

The relevant provisions of the Act and the Ninth Schedule are quoted in **Annexure A**.

³ OECD. (2025). *Recommendation of the council on OECD legal instruments global events and local development* at page 6. Available at <https://legalinstruments.oecd.org/public/doc/636/636.en.pdf> [Accessed 27 March 2026].

⁴ At page 3.

⁵ OECD. (2024). *The circular economy in Berlin, Germany*. Available at <https://circulareconomy.europa.eu/platform/sites/default/files/2024-11/459defe7-en.pdf> [Accessed 27 March 2026].

4. Application of the law

To bid for (see 4.2) or host (see 4.3) any international event contemplated in PBA 11(b) (see 4.1), the event must be approved by the Minister. The Minister will consider both the extent of the foreign participation and the event's potential economic impact on the country as a whole (see 4.4).

Additionally, the organisation seeking to bid for or host the international event must be approved by the Commissioner as a PBO (see 5).

4.1 International event

The phrase "international event" is not defined in the Act. The method of attributing meaning to words used in legislation involves, as a point of departure, examining the language of the provision at issue, the language and design of the statute as a whole, and its statutory purpose.⁶ The words are described separately in *Dictionary.com* as follows:

- "International" as "between or among nations; involving two or more nations; of or relating to two or more nations or their citizens; having members or activities in several nations."⁷
- "Event" as "something that happens or is regarded as happening; an occurrence, especially one of some importance; something that occurs in a certain place during a particular interval of time."⁸

In the context of PBA 11(b), an international event refers to an occasion during which participants represent one or more foreign countries. For an event to qualify, foreign participation is essential and is a key factor considered by the Minister when granting approval. There is no specified minimum number of foreign countries required for participation, however, the event cannot consist solely of South African participants. While domestic participation may occur, it is not mandatory.

Furthermore, PBA 11(b) does not prescribe the types of international events that an organisation may bid to host or host. Eligible events can include, for example, medical or professional conferences, conventions, symposiums, summits, sporting events, trade fairs, exhibitions, expos, and consumer shows.

Importantly, the international event must take place in South Africa.

Example 1 – Examples of international events previously approved by the Minister for purposes of PBA 11(b)

- 2003 Presidents Golf Cup
- 2003 ICC Cricket World Cup
- 2005 South African World Petroleum Congress (see **Example 2** in **Annexure B**)
- 2007 ICC 20 20 World Cup
- 2010 Soccer World Cup

⁶ See *Chetty t/a Nationwide Electrical v Hart NO & another* 2015 (6) SA 424 (SCA), 4 All SA 401.

⁷ www.dictionary.com/browse/international?s=t [Accessed 27 March 2026].

⁸ www.dictionary.com/browse/event?s=ts [Accessed 27 March 2026].

- 2010 International Congress of Actuaries
- 2013 African Cup of Nations (see **Example 3** in **Annexure B**)
- Johannesburg World Summit
- International Congress of Entomology

4.2 Bid to host an international event

The words “bid” and “host” are not defined in the Act. The *Cambridge Dictionary* describes them as follows:

- “Bid” is “an offer to do something when you are competing with other people to do it”.⁹
- “Host” is “a place or organization that provide the space and other necessary things for a special event” and “someone who has guests”.¹⁰

A country or city intending to bid for the opportunity to host an international event must typically satisfy certain prescribed criteria before submitting its proposal. The requirements and preparation process can differ significantly depending on the nature of the event, as each event has its own specific requirements. For instance, some events like major sporting competitions may require several venues spread across a city or the country, while others, such as expos, might need a single large area or venue. Conferences or summits, conversely, may only require a convention centre.¹¹ The expected number of visitors and the level of mobility required within a city can also vary, often necessitating careful evaluation and investment in transportation infrastructure to meet the event’s demands. The stages of bid planning, feasibility assessment, and preparation are crucial, as winning the rights to host an event can bring substantial benefits or significant costs to the host location.

To support their bid, applicants generally need to provide detailed information on several aspects, such as the –¹²

- hosting vision and strategy, anticipated legacy, and political support in the host country or city;
- information about the host location, such as its political, economic, media and marketing environment;
- infrastructure details, covering venues, accommodation, transport, mobility, broadcasting, and safety and security measures;
- additional event-related considerations, like communication, public relations, promotional activities, fan fests, volunteer programmes, health and medical facilities, budget projections, ticket sales, and hospitality packages; and

⁹ <https://dictionary.cambridge.org/dictionary/english/bid> [Accessed 27 March 2026].

¹⁰ <https://dictionary.cambridge.org/dictionary/english/host> [Accessed 27 March 2026].

¹¹ OECD. (2023). *How to measure the impact of culture, sports and business events: A guide, Part I and Impact indicators for culture, sports and business events: A guide, Part II*. Available online at www.oecd.org/en/about/projects/impacts-of-global-events.html [Accessed 27 March 2026].

¹² As above.

- plans for sustainable event management, as well as adherence to human rights, labour standards, and environmental protection.

4.3 Hosting of any international event

The word “hosting” is not defined in the Act. The *Dictionary.com* describes “hosting” as –¹³

“a person, place, company, or the like, that provides services, resources, etc., as for a convention or sporting event”.

When a country or city wins the bid to host an international event, it is granted the right to organise the event. The specific requirements for hosting are typically accessible to the public. Hosting an event generally involves the responsible organisation supplying all essential resources, including food, venues, and various services needed for the occasion.

4.4 Ministerial approval of an international event

Having regard to the broad spectrum of potential international events, PBA 11(b) provides the Minister with discretion to approve events for its purposes, based on the level of foreign participation and the overall economic impact the event may have on the country as a whole.

Any organisation seeking approval for bidding to host or hosting any international event for purposes of PBA 11(b) must provide comprehensive motivation for both the foreign participation and the anticipated economic benefits to South Africa. Detailed examples of such motivations and supporting information are provided in **Example 2** and **3** in **Annexure B**.

If the applicant organisation fails to supply adequate motivation and supporting details, SARS will be unable to recommend the event to the Minister for approval under PBA 11(b). Consequently, the organisation will not be approved as a PBO carrying on PBA 11(b) as its sole or principal object.

4.4.1 Foreign participation

The phrase “foreign participation” is not defined in the Act. The words are described separately in the *Cambridge Dictionary* as follows:

- “Foreign” is “belonging or connected to a country that is not your own.”¹⁴
- “Participation” is “the fact that you take part or become involved in something” and “the act of taking part in an event or activity.”¹⁵

For purposes of PBA 11(b), foreign participation means that persons that are not South African citizens must participate or take part in the international event. These participants should represent other countries. This can include international teams, companies from abroad, or professionals that are citizens of foreign countries. However, simply having international players or persons within South African teams or associations does not satisfy the requirement for foreign participation.

¹³ www.dictionary.com/browse/hosting [Accessed 27 March 2026].

¹⁴ <https://dictionary.cambridge.org/dictionary/english/foreign> [Accessed 27 March 2026].

¹⁵ <https://dictionary.cambridge.org/dictionary/english/participation> [Accessed 27 March 2026].

The number of foreign participants will vary depending on the type of event and the level of interest. For instance, a global summit like the World Summit on Sustainable Development will naturally have more participants than a specialised international conference such as one for plumbers, which would attract a smaller, more exclusive group. Similarly, international sporting events typically attract more foreign participants than international conferences. There is no set minimum for the number of foreign participants required, as imposing such a threshold could exclude smaller international events from being hosted in South Africa.

4.4.2 Economic impact on the country as a whole

When considering approval of any international event for purposes of PBA 11(b), the Minister must have regard to the economic impact on the country as a whole.

The value of such events extends beyond the simple profit and loss calculations, as they often form part of larger strategies to enhance the reputation and image of a city or country. Hosting international events can contribute to urban renewal, tourism growth, and the rebranding of regions, towns, or cities. As a result, the economic impact may not be limited to the event itself but can include long-term positive effects for the country as a whole.

Bidding for or hosting an international event attracts foreign participants, guests, spectators, media, and dignitaries, which can stimulate the economy in various ways. These include generating revenue from ticket sales, participation fees, advertising, and sponsorships. Benefits also arise from investing in infrastructure such as stadiums, conference centres, roads, and airports, improving public transport and information technology and creating marketing opportunities and jobs. Additional advantages may include increased foreign investment, tourism, and demand for accommodation, car rentals, and air travel. The hospitality sector, including hotels, restaurants, and bars, also stands to gain, as do entrepreneurs and artisans producing unique goods and souvenirs. The sports sector can benefit from the provision of goods, such as sports clothing, footwear, and equipment, as well as services that may include coaching, gym and fitness training, and hospitality services for sportspeople and teams travelling and competing at events. Furthermore, international events can boost the local communities through life skills training for persons participating in volunteer programmes, as well as showcasing South Africa's capacity to successfully host global gatherings. The knowledge exchanged at trade fairs, conventions, and conferences also contributes lasting value to the country as a whole.

5. Approval as a public benefit organisation

Various organisations can submit bids to host or host international events. These may include –

- professional or representative bodies approved under section 30B and exempt under section 10(1)(d)(iv)¹⁶ that organise international conferences for a particular business, profession or occupation;
- institutions, boards or bodies exempt under section 10(1)(cA)(i)¹⁷ that arrange international scientific, technical or industrial research symposiums; or

¹⁶ For commentary, see Interpretation Note 125 "Associations: Funding Requirement".

¹⁷ For commentary, see the *Tax Exemption Guide for Institutions, Boards, or Bodies*.

- national, provincial or local spheres of the South African government exempt under section 10(1)(a)¹⁸ that host international trade fairs.

These organisations themselves do not qualify as PBOs and therefore the requirements of PBA 11(b) do not apply to them. If, however, such organisations establish a separate legal entity with the sole or principal object of carrying on the bidding for or hosting an international event, that separate legal entity may apply to SARS for approval as a PBO. An existing PBO that wishes to carry on PBA 11(b), in addition to its other PBAs for which it has already obtained approval, must obtain Ministerial approval for the specific international event.

To be approved by the Commissioner as a PBO, an organisation must have as its sole or principal object the carrying on of one or more PBA and must meet the prescribed requirements of section 30(3).¹⁹ Eligible organisations include –²⁰

- non-profit companies incorporated under the Companies Act;²¹
- trusts formed in South Africa;
- associations of persons²² established in South Africa; or
- branches in South Africa of any company, association or trust incorporated, formed or established in any country other than South Africa that is exempt from tax on income in that other country.

An eligible organisation must carry on PBA 11(b) in a non-profit manner with an altruistic and philanthropic intent, ensuring that no fiduciary or employee benefits financially beyond reasonable remuneration²³ for services rendered.²⁴ The organisation must benefit the general public,²⁵ and no person may receive any financial benefit.²⁶

¹⁸ For commentary, see the *Guide to Section 18A Approval of a Department in the National, Provincial and Local Sphere of Government*.

¹⁹ For commentary, see the *Tax Exemption Guide for Public Benefit Organisations in South Africa*.

²⁰ See definition of “public benefit organisation” in section 30(1).

²¹ Act 71 of 2008.

²² An association of persons contemplated in paragraph (a)(i) of the definition of “public benefit organisation” in section 30(1) is generally established or formed by adopting a legal founding document such as a constitution or other written instrument. See Pienaar, GJ (28 February 2015). Formation. *In Law of South Africa (LAWSA) 2* (Third Edition Volume) in paragraph 155. My LexisNexis [online].

²³ Any organisation bidding for or hosting an international event that qualifies as an employer must withhold or deduct employees’ tax, register as an employer for employees’ tax purposes within 21 business days of becoming an employer, and submit monthly EMP201s returns. For commentary, see the *External Guide – Guide for Employers in respect of Employees’ Tax* and the *External Guide – Guide for Completion of Employer Registration Application*.

²⁴ Paragraph (b) of the definition of “public benefit organisation” in section 30(1).

²⁵ Paragraph (c)(i) of the definition of “public benefit organisation” in section 30(1).

²⁶ Section 30(3)(b)(ii).

Eligible organisations receive preferential tax treatment only if approved as a PBO by the Commissioner and if they continue to comply with the relevant prescribed requirements of section 30. This preferential tax treatment includes partial taxation under section 10(1)(cN)(ii),²⁷ and exemptions from various taxes, such as, donations tax, estate duty, transfer duty,²⁸ dividends tax²⁹ and capital gains tax.³⁰

Organisations established specifically to bid for or host an international event are generally intended to exist only for the duration of the bidding or hosting process. The process for dissolving such a PBO will depend on the unique facts and circumstances of each case. If a PBO is dissolved after completing its bid or after the event has taken place, any remaining assets must be distributed to either –³¹

- another PBO;
- an institution, board, or body whose sole or principal object is to carry on of any PBA; or
- the South African government in the national, provincial, or local sphere contemplated in section 10(1)(a).

Any organisation that receives these assets must use them solely for purposes of carrying on one or more PBAs. The dissolving PBO may select the recipients of its remaining assets without needing prior approval from the Commissioner, if the recipients meet the required criteria. Importantly, a PBO carrying on PBA 11(b) is not allowed to distribute any of its funds on dissolution to individuals or other taxable entities, since this would improperly extend the tax benefits it received.

Failure by a PBO to transfer, or to take reasonable steps to transfer, its remaining assets as required, will result in an amount equal to the market value of those assets not transferred less the amount equal to any *bona fide* liabilities being deemed to be taxable income³² accruing to the PBO during the year of assessment³³ in which dissolution took place.³⁴ In such cases, the PBO will lose the ability to claim further tax allowances or deductions, as its net revenue will be considered taxable income, that is, after allowances and deductions.

²⁷ For commentary see Interpretation Note 24 “Public Benefit Organisations: Partial Taxation”.

²⁸ For commentary, see Interpretation Note 22 “Transfer Duty Exemption: Public Benefit Organisations and Institutions, Boards or Bodies”.

²⁹ For commentary, see *Comprehensive Guide to Dividends Tax*.

³⁰ For commentary, see Interpretation Note 44 “Public Benefit Organisations: Capital Gains Tax”.

³¹ Section 30(3)(b)(iii).

³² The term “taxable income” is defined in section 1(1).

³³ The term “year of assessment” is defined in section 1(1).

³⁴ Section 30(6A) read with section 30(7).

6. Business undertakings or trading activities

A PBO may carry on a business undertaking or trading activity provided it falls within the parameters of section 10(1)(cN)(ii), and the undertaking or activity does not become the PBO's sole or principal object.³⁵

An organisation bidding to host, or hosting, an international event can derive various types of receipts and accruals including –

- exhibition or trade entry fees;
- registration fees from both foreign and local participants;
- membership fees, subscriptions, or contributions from foreign participants or member associations;
- exhibitor charges;
- advertising income;
- foreign and local sponsorships;
- gate takings;
- broadcasting rights;
- tickets and programme sales;
- licensing and merchandise sales;
- sale of refreshments food and beverages concessions rights at stadiums;
- souvenir sales;
- commercial hospitality rights; or
- government grants.

The receipts and accruals derived by an organisation that was established and approved to bid for or host an international event will be exempt from income tax, provided the receipts and accruals of any business undertaking or trading activity meet the requirements of section 10(1)(cN)(ii)(aa). These requirements are that the undertaking or activity –

- is integral and directly related to the sole or principal object of that organisation, namely, the carrying on of PBA 11(b);³⁶
- is carried on substantially the whole on a cost-recovery basis;³⁷ and
- does not result in unfair competition with taxable entities.³⁸

³⁵ For a step-by-step guide to calculating the taxable income of PBOs, see Interpretation Note 24 "Public Benefit Organisations: Partial Taxation".

³⁶ Section 10(1)(cN)(ii)(aa)(A).

³⁷ Section 10(1)(cN)(ii)(aa)(B).

³⁸ Section 10(1)(cN)(ii)(aa)(C).

Receipts or accruals from any business undertaking or trading activity that do not fall within the ambit of the permissible business undertakings or trading activities³⁹ will be partially taxable if they exceed 5% of the PBO's total receipts and accruals for the year of assessment, or R200 000, whichever is higher.⁴⁰

The Commissioner having regard to each organisation's unique circumstances, will assess on a case-by-case basis whether the receipts and accruals from a particular business undertaking or trading activity meet the requirements of section 10(1)(cN)(ii).

7. Application for approval as a public benefit organisation

An organisation applying for approval as a PBO must submit an application.⁴¹ This application ensures a uniform and consistent process for organisations seeking approval from the Commissioner. It consolidates all the information and documentation required by the Commissioner to evaluate the application. The content of the application itself is not a deciding factor for approval, as it serves merely as an administrative tool used by SARS to consider the application.

In addition to the information and supporting documentation required in the application, the organisation will be required to submit the following information specifically relating to the international event for purposes of PBA 11(b):

- Comprehensive details regarding the nature of the international event.
- The date on which the international event will take place.
- Detailed information and a full description on the venues that will be used for the event.
- The expected number of attendees or participants.
- Substantiating information and motivation demonstrating the extent of foreign participation in the event.
- Projections of income sources and amounts, together with the anticipated expenditure.
- A fully motivated explanation of why the Minister should approve the event for purposes of PBA 11(b) having regard to the economic impact the international event will have on the country as a whole.

If the information provided is insufficient, the Commissioner may request any further details, information, or documentation needed to consider the application.

A PBO already approved for PBAs [other than PBA 11(b)] wishing to apply for approval, may request the Minister's approval to bid for or host an international event. This is done by submitting a written request to SARS, accompanied by the same required information and documentation.⁴²

³⁹ Section 10(1)(cN)(ii)(aa), (bb) and (cc),

⁴⁰ Section 10(1)(cN)(ii)(dd).

⁴¹ Information on the application process is available on the **SARS website**. Navigate to Businesses and Employers ⇒ Tax Exempt Institutions.

⁴² The written request must include the exemption and income tax reference numbers allocated to the PBO.

Before making a recommendation to the Minister, SARS will first ensure that the organisation meets the requirements for PBO approval and the requirements under PBA 11(b). If satisfied, SARS will prepare and submit a recommendation to the Minister for consideration.

If the Minister grants approval for purposes of PBA 11(b), SARS will finalise the PBO approval and issue a formal approval letter. This letter must be retained for record-keeping purposes (see 10).

Should the Minister not approve the international event for purposes of PBA 11(b), the organisation will be notified in writing. In such a case, the Commissioner cannot approve the organisation as a PBO, as it will not be carrying on a PBA. Consequently, the organisation will not qualify for exemption and will be subject to income tax and other applicable taxes and duties.

The existing tax-exempt status of organisations already approved as PBOs for other PBAs is not affected if the Minister does not approve the event for purposes of PBA 11(b). However, any receipts and accruals derived from bidding for or hosting an international event that has not been approved for purposes of PBA 11(b) will be taxable (see 6).⁴³

8. Tax-deductible donations

Part I of the Ninth Schedule lists a range of activities recognised as PBAs for purposes of PBO approval under section 30.

Part II of the Ninth Schedule lists only certain activities from Part I for section 18A approval. Section 18A permits taxpayers to claim deductions for *bona fide* donations actually paid or transferred during a year of assessment to organisations approved by the Commissioner under section 18A⁴⁴ that carry on PBAs listed in Part II of the Ninth Schedule, within South Africa.⁴⁵

An organisation that is not approved by the Commissioner under section 18A, even if it is approved as a PBO, may not issue section 18A receipts for donations received.

Because PBA 11(b) appears only in Part I and not in Part II of the Ninth Schedule, donations made to a PBO to carry on that PBA do not qualify as tax-deductible under section 18A(1). These PBOs may therefore not issue section 18A receipts.⁴⁶ Donor taxpayers that may receive such invalid section 18A receipts cannot use them to claim a deduction under section 18A(1) when determining their taxable income.

⁴³ Section 10(1)(cN)(ii)(dd).

⁴⁴ Section 18A(1)(a), (b), (bA) and (c).

⁴⁵ For commentary, see the *Basic Guide to Tax-Deductible Donations*.

⁴⁶ A section 18A receipt is a receipt with mandatory information issued by an organisation approved by the Commissioner under section 18A potentially entitling the donor taxpayer to an income tax deduction for *bona fide* donations actually paid or transferred during a year of assessment to that section 18A-approved organisation.

9. Objection and appeal

Any decision by SARS in the exercise of its discretion under section 30 is subject to objection and appeal.⁴⁷

An organisation that disagrees with an assessment⁴⁸ may first request SARS to provide the reasons for the assessment before submitting an objection.⁴⁹ The request must be made in the prescribed form and manner and submitted to SARS within 30 days⁵⁰ from the date of the assessment.

An organisation can object to an assessment⁵¹ in accordance with Chapter 9 of the TA Act, read with the “rules”⁵² published in the *Government Gazette*.

The objection must be lodged within 80⁵³ business days⁵⁴ after –⁵⁵

- receiving the notice with the requested reasons for the assessment, if applicable;⁵⁶
- receiving a notice issued by SARS confirming that the reasons requested have been provided;⁵⁷ or
- the date of the assessment.

The objection must be submitted on the prescribed form and must clearly set out and include –⁵⁸

- the specific part or amount of the assessment being disputed;
- the grounds for disputing the assessment;⁵⁹ and
- supporting documents to substantiate the grounds of objection not previously provided to SARS for the disputed assessment.

⁴⁷ Section 3(4)(b).

⁴⁸ The term “assessment” as defined in Rule 1 includes, for purposes of the rules, a decision referred to in section 104(2) of the TA Act.

⁴⁹ Rule 6 deals with reasons for an assessment.

⁵⁰ The term “day” in Rule 1 means a “business day” as defined in section 1 of the TA Act.

⁵¹ For commentary, see Interpretation Note 15 “Exercise of Discretion in case of Late Objection or Appeal”.

⁵² The rules for objections and appeals are formulated under section 103 of the TA Act and published in Government Regulation Notice 3146 in *Government Gazette* 48188 of 10 March 2023. For commentary, see the *Dispute Resolution Guide: Guide on the Rules Promulgated in terms of Section 103 of the Tax Administration Act, 2011* and the *Alternative Dispute Resolution: Quick Guide*.

⁵³ Rule 7(1) was amended from 30 to 80 days, effective from 10 March 2023.

⁵⁴ The term “business day” is defined in section 1 of the TA Act.

⁵⁵ Rule 7 deals with objections.

⁵⁶ Rule 7(1)(a) read with Rule 6.

⁵⁷ Rule 7(1)(a) read with Rule 6(4).

⁵⁸ Rule 7(2).

⁵⁹ The term “grounds of assessment” as defined in Rule 1, for purposes of the rules includes any grounds for a decision referred to in section 104(2) of the TA Act, and reasons for assessment provided by SARS contemplated in Rule 6(5).

SARS will consider the objection and may either disallow it or allow it completely or in part. An organisation that is not satisfied with the disallowance of the objection may submit a written appeal to SARS within the prescribed period.⁶⁰

The appeal process does not apply to the Minister's decision not to approve an international event under PBA 11(b). Such a decision can only be challenged through a review application to the High Court.

10. Record-keeping

A PBO must comply with all relevant obligations under the TA Act, including maintaining proper records, submitting returns, assessments, managing dispute resolution (see 9), and adhering to requirements relating to interest, refunds, and anti-avoidance.

All PBOs are required under the TA Act to retain records for five years⁶¹ from the date a return⁶² is submitted. A person must keep records, books of account or documents that –⁶³

- enable the person to observe the requirements of a tax Act;
- are specifically required under a tax Act or by the Commissioner by public notice; and
- enable SARS to be satisfied that the person has observed these requirements.

The records, books of account or documents must be kept or retained in their original form in an orderly and secure manner, in an approved electronic format as may be prescribed by the Commissioner in a public notice,⁶⁴ or in another form authorised by a senior SARS official.⁶⁵ These records must be accessible for inspection, audit, or investigation by a SARS official.⁶⁶ Records relevant to an inspection, audit or investigation, objection, or appeal must be kept until the matter is finalised, even if this exceeds the standard five-year retention period.⁶⁷

The persons accepting fiduciary responsibility⁶⁸ for a PBO are also required to retain records for the prescribed period after the PBO has been dissolved.

⁶⁰ Rule 10.

⁶¹ Section 29(3) of the TA Act.

⁶² The term "return" is defined in section 1 of the TA Act, and includes any form, declaration, document or other manner of submitting information to SARS that incorporates a self-assessment or is the basis on which an assessment is to be made by SARS.

⁶³ Section 29(1) of the TA Act.

⁶⁴ See Government Notice 787 in *Government Gazette* 35733 of 1 October 2012.

⁶⁵ Section 30(1) of the TA Act.

⁶⁶ Section 31 of the TA Act.

⁶⁷ Section 32 of the TA Act.

⁶⁸ Section 30(3)(b)(i)

11. Conclusion

The Minister has full discretion to determine whether an international event qualifies for approval under PBA 11(b). In making this decision, the Minister considers the extent of foreign participation as well as the overall economic impact the event may have on South Africa as a whole. Organisations applying for such approval must therefore provide detailed reasons to motivate why the event should be recognised as an international event for purposes of PBA 11(b).

Approval of an organisation as a PBO intending to bid for or host an international event depends on the Minister first approving the event under PBA 11(b). The organisation carries the burden of demonstrating that it meets all the requirements for PBO approval and must keep sufficient evidence to support its position.⁶⁹ This burden may be discharged by way of submitting supporting evidence.⁷⁰ Whether an organisation satisfies the criteria under PBA 11(b) is determined based on the specific facts of each case, and every application will be assessed on its individual merits.

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⁶⁹ Section 29 of the TA Act.

⁷⁰ ITC 1872 (2014) 76 SATC 225 (WC) at 29 to 31. Although the income tax case does not create precedent, it may be used as a guide.

Annexure A – The law

Section 30

30. Public benefit organisations.—(1) For the purposes of this Act—

“**public benefit activity**” means—

- (a) any activity listed in Part I of the Ninth Schedule; and
- (b) any other activity determined by the Minister from time to time by notice in the Gazette to be of a benevolent nature, having regard to the needs, interests and well-being of the general public;

“**public benefit organisation**” means any organisation—

- (a) which is—
 - (i) a non-profit company as defined in section 1 of the Companies Act or a trust or an association of persons that has been incorporated, formed or established in the Republic; or
 - (ii) any branch within the Republic of any company, association or trust incorporated, formed or established in any country other than the Republic that is exempt from tax on income in that other country;
- (b) of which the sole or principal object is carrying on one or more public benefit activities, where—
 - (i) all such activities are carried on in a non-profit manner and with an altruistic or philanthropic intent;
 - (ii) no such activity is intended to directly or indirectly promote the economic self-interest of any fiduciary or employee of the organisation, otherwise than by way of reasonable remuneration payable to that fiduciary or employee; and
 - (iii)
- (c) where—
 - (i) each such activity carried on by that organisation is for the benefit of, or is widely accessible to, the general public at large, including any sector thereof (other than small and exclusive groups);
 - (ii)
 - (iii)

(2) Any activity determined by the Minister in terms of paragraph (b) of the definition of “public benefit activity” in subsection (1) or any conditions prescribed by the Minister in terms of subsection (3)(a) must be tabled in Parliament within a period of 12 months after the date of publication by the Minister of that activity or those conditions in the *Gazette*, for incorporation into this Act.

(3) The Commissioner shall, for the purposes of this Act, approve a public benefit organisation which—

- (a) complies with such conditions as the Minister may prescribe by way of regulation to ensure that the activities and resources of such organisation are directed in the furtherance of its object;
- (b) has submitted to the Commissioner a copy of the constitution, will or other written instrument under which it has been established and in terms of which it is—
 - (i) required to have at least three natural persons, who are not connected persons in relation to each other, to accept the fiduciary responsibility of such organisation and no single person directly or indirectly controls the decision making powers relating to that organisation: Provided that the provisions of this subparagraph shall not apply in respect of any trust established in terms of a will of any person;

- (ii) prohibited from directly or indirectly distributing any of its funds to any person (otherwise than in the course of undertaking any public benefit activity) and is required to utilise its funds solely for the object for which it has been established;
- (iii) in the case of a public benefit organisation contemplated in paragraph (a)(i) of the definition of “public benefit organisation” in subsection (1), required on dissolution to transfer its assets to—
 - (aa) any public benefit organisation which has been approved in terms of this section;
 - (bb) any institution, board or body which is exempt from tax under the provisions of section 10(1)(cA)(i), which has as its sole or principal object the carrying on of any public benefit activity; or
 - (cc) the government of the Republic in the national, provincial or local sphere, contemplated in section 10(1)(a),

which is required to use those assets solely for purposes of carrying on one or more public benefit activities;

- (iiiA) in the case of a branch of a public benefit organisation contemplated in paragraph (a) (ii) of the definition of “public benefit organisation” in subsection (1), is required on termination of its activities in the Republic to transfer the assets of such branch to any public benefit organisation, institution, board, body, department or administration contemplated in subparagraph (iii), if more than 15 per cent of the receipts and accruals attributable to that branch during the period of three years preceding that termination are derived from a source within the Republic;
- (iv)
- (v) prohibited from accepting any donation which is revocable at the instance of the donor for reasons other than a material failure to conform to the designated purposes and conditions of such donation, including any misrepresentation with regard to the tax deductibility thereof in terms of section 18A: Provided that a donor (other than a donor which is an approved public benefit organisation or an institution board or body which is exempt from tax in terms of section 10(1)(cA)(i), which has as its sole or principal object the carrying on of any public benefit activity) may not impose conditions which could enable such donor or any connected person in relation to such donor to derive some direct or indirect benefit from the application of such donation;
- (vi) required to submit to the Commissioner a copy of any amendment to the constitution, will or other written instrument under which it was established;
- (c) the Commissioner is satisfied is or was not knowingly a party to, or does not knowingly permit, or has not knowingly permitted, itself to be used as part of any transaction, operation or scheme of which the sole or main purpose is or was the reduction, postponement or avoidance of liability for any tax, duty or levy which, but for such transaction, operation or scheme, would have been or would have become payable by any person under this Act or any other Act administered by the Commissioner;
- (d) has not and will not pay any remuneration, as defined in the Fourth Schedule, to any employee, office bearer, member or other person which is excessive, having regard to what is generally considered reasonable in the sector and in relation to the service rendered and has not and will not economically benefit any person in a manner which is not consistent with its objects;
- (e) complies with such reporting requirements as may be determined by the Commissioner;
- (f) the Commissioner is satisfied that, in the case of any public benefit organisation which provides funds to any association of persons contemplated in paragraph 10(iii) of Part 1 of the Ninth Schedule, has taken reasonable steps to ensure that the funds are utilised for the purpose for which those funds have been provided;

- (g)
- (h) has not and will not use its resources directly or indirectly to support, advance or oppose any political party; and
- (i) the Commissioner is satisfied, does not have a person acting in a fiduciary capacity, who is disqualified in terms of section 6 of the Trust Property Control Act, 1988 (Act No. 57 of 1988), section 25A of the Nonprofit Organisations Act, 1997 (Act No. 71 of 1997), or section 69 of the Companies Act;

(3A) The Commissioner may, for the purposes of subsection (3), grant approval in respect of any group of organisations sharing a common purpose, which carry on any public benefit activity under the direction or supervision of a regulating or co-ordinating body, where that body takes such steps, as prescribed by the Commissioner, to exercise control over those organisations in order to ensure that they comply with the provisions of this section.

(3B) (a) Subject to paragraph (b), where an organisation applies for approval, the Commissioner may approve that organisation for the purposes of this section with retrospective effect, if the Commissioner is satisfied that that organisation during the relevant period prior to its application complied with the requirements of a public benefit organisation as defined in subsection (1).

(b) For the purposes of paragraph (a), where the organisation—

- (i) has complied with all its obligations under chapters 4, 10 and 11 of the Tax Administration Act, the Commissioner may not extend approval to the years of assessment in respect of which an assessment may in terms of section 99(1) of that Act not be made; or
- (ii) has not complied with all its obligations under chapters 4, 10 and 11 of the Tax Administration Act, the Commissioner may not extend approval to the years of assessment in respect of which an assessment could in terms of section 99 (1) of that Act, not have been made had the income tax returns relating to those years of assessment been submitted in accordance with section 25(1) of that Act.

(3C) Notwithstanding any other provision of this section, the Director of Nonprofit Organisations designated in terms of section 8 of the Nonprofit Organisations Act, 1997 (Act No. 71 of 1997), may, in respect of any organisation that has been convicted of an offence under that Act, request the Commissioner to withdraw the approval of that organisation in terms of subsection (5) and the Commissioner may pursuant to that request withdraw such approval.

(4) Where the constitution, will or other written instrument does not comply with the provisions of subsection (3)(b), it shall be deemed to so comply if the persons contemplated in subsection (3)(b)(i) responsible in a fiduciary capacity for the funds and assets of a branch contemplated in paragraph (a)(ii) of the definition of “public benefit organisation” in subsection (1) or any trust established in terms of a will of any person furnishes the Commissioner with a written undertaking that such organisation will be administered in compliance with the provisions of this section.

(5) Where the Commissioner is—

- (a) satisfied that any public benefit organisation approved under subsection (3) has during any year of assessment in any material respect; or
- (b) during any year of assessment satisfied that any such public benefit organisation has on a continuous or repetitive basis,

failed to comply with the provisions of this section, or the constitution, will or other written instrument under which it is established to the extent that it relates to the provisions of this section, the Commissioner shall after due notice withdraw approval of the organisation with effect from the commencement of that year of assessment, where corrective steps are not taken by that organisation within a period stated by the Commissioner in that notice.

(5A) Where any regulating or co-ordinating body contemplated in subsection (3A)—

- (a) with intent or negligently fails to take any steps contemplated in that subsection to exercise control over any public benefit organisation; or
- (b) fails to notify the Commissioner where it becomes aware of any material failure by any public benefit organisation over which it exercises control to comply with any provision of this section,

the Commissioner shall after due notice withdraw the approval of the group of public benefit organisations with effect from the commencement of that year of assessment, where corrective steps are not taken by that regulating or co-ordinating body within a period stated by the Commissioner in that notice.

(6) Where the Commissioner has so withdrawn his approval of such organisation, such organisation shall, within six months or such longer period as the Commissioner may allow after the date of such withdrawal, transfer, or take reasonable steps to transfer, its remaining assets to any public benefit organisation, institution, board or body or the government as contemplated in subsection (3)(b)(iii).

(6A) As part of—

- (a) the dissolution of an organisation contemplated in paragraph (a)(i) of the definition of “public benefit organization” in subsection (1); or
- (b) the termination of the activities of a branch contemplated in paragraph (a)(ii) of that definition, if more than 15 per cent of the receipts and accruals attributable to that branch during the period of three years preceding that termination are derived from a source within the Republic,

the organisation or branch must transfer its assets to any public benefit organisation, institution, board or body or the government contemplated in subsection (3)(b)(iii).

(7) If the organisation fails to transfer, or to take reasonable steps to transfer, its assets, as contemplated in subsection (6) or (6A), an amount equal to the market value of those assets which have not been transferred, less an amount equal to the *bona fide* liabilities of the organisation, must for purposes of this Act be deemed to be an amount of taxable income which accrued to such organisation during the year of assessment in which approval was withdrawn or the dissolution of the organisation or termination of activities took place.

(8) The provisions of this section shall not, if the Commissioner is satisfied that the non-compliance giving rise to the withdrawal contemplated in subsection (5) has been rectified, preclude any such organisation from applying for approval in terms of this section in the year of assessment following the year of assessment during which the approval was so withdrawn by the Commissioner.

(9)

(10) In the application of the provisions of this Act, the Commissioner may by notice in writing require any person whom the Commissioner may deem able to furnish information in regard to any approved public benefit organisation—

- (a) to answer any questions relating to such organisation; or
- (b) to make available for inspection by the Commissioner or any person appointed by him, any books of account, records or other documents relating to such organisation; or
- (c) to attend at the time and place appointed by the Commissioner for the purposes of producing for examination by the Commissioner or any person appointed by him, any books of account, records or other documents relating to such organisation.

(11) Any person who is in a fiduciary capacity responsible for the management or control of the income and assets of any approved public benefit organisation and who intentionally fails to comply with any provision of this section or of the constitution, will or other written instrument under which such organisation is established to the extent that it relates to the provisions of this section, shall be guilty of an offence and liable on conviction to a fine or to imprisonment for a period not exceeding 24 months.

(11A) A person may not act in a fiduciary capacity if that person is disqualified in terms of section 6 of the Trust Property Control Act, 1988 (Act No. 57 of 1988), section 25A of the Nonprofit Organisations Act, 1997 (Act No. 71 of 1997), or section 69 of the Companies Act.

(11B) A person who fails to comply with the provisions of subsection (11A) shall be guilty of an offence and liable, on conviction, to a fine or to imprisonment for a period not exceeding 24 months.

(12)

Public benefit activity in paragraph 11(b) of Part I of the Ninth Schedule

NINTH SCHEDULE

PUBLIC BENEFIT ACTIVITIES

(Section 30)

PART I

GENERAL

11. (b) The bid to host or hosting of any international event approved by the Minister for purposes of this paragraph, having regard to—
- (i) the foreign participation in that event; and
 - (ii) the economic impact that event may have on the country as a whole.

Annexure B – Examples of international events

The following examples illustrate how various organisations have successfully motivated their applications to host international events by demonstrating both significant foreign participation and the potential economic benefits these events could bring to the country as a whole.

Example 2 – 2005 South African World Petroleum Congress

Facts:

In 2001, the South African National Committee of the World Petroleum Congress was invited by the organisation's headquarters in London to submit a bid to host the 2005 World Petroleum Congress (the Congress) in South Africa.

Founded in 1933, the Congress is organised every three years and serves as a global platform for industry leaders to exchange insights on the latest economic, political, scientific, and commercial developments in the petroleum sector. This prestigious petroleum congress was held on the African continent at the Sandton Convention Centre from 25 to 29 September 2005.

A non-profit company incorporated under the Companies Act with the mandate to organise, promote and host the international congress, was established to manage, co-ordinate, and conclude all necessary agreements for hosting the Congress.

Strong support for South Africa's bid came from the Ministry of Minerals and Energy of South Africa, Gauteng Tourism Authority, South African Tourism Authority, Sandton Convention Centre, and the City of Johannesburg.

Foreign participation in the event

The World Petroleum Congress comprises 59 member countries, representing 90% of the world's major oil- and gas-producing and consuming nations. The Congress was attended by 4 000 delegates from all the member countries, along with 400 exhibitors and approximately 25 000 trade visitors.

Economic impact on South Africa

The World Petroleum Congress was the largest oil and gas exhibition ever hosted on the African continent. South Africa benefitted from international promotional campaigns conducted across all member countries, which not only encouraged attendance but also boosted tourism and investment.

The estimated budget for the Congress was as follows:

| | | |
|----------|---|-------------------|
| Expenses | : | US \$4,01 million |
| Income | : | US \$6,22 million |

In addition to the delegates who attended the Congress, an accompanying oil and gas equipment exhibition attracted more than 15 000 visitors, primarily from West Africa's oil-producing countries. This created a significant opportunity for South African companies to showcase their products and services.

Eighty percent of the total revenue generated from the congress fees was allocated to Black Economic Empowerment initiatives within South Africa.

The Congress took place in Sandton, a self-sufficient metropolitan hub known as Johannesburg's business, hotel and entertainment centre. It is also regarded as South Africa's premier shopping destination, noted for fashion, specialist diamond jewellery stores, and African arts, crafts, and curios. The area further benefits from the presence of 40 hotels offering over 6 000 rooms.

Many delegates extended their stay to participate in pre- and post-Congress tours, which included township excursions and visits to private game reserves.

Result:

Based on the information provided in support of the application, the Minister, after considering the extent of foreign participation and the event's economic impact on the country as a whole, exercised his discretion to approve the hosting of the 2005 World Petroleum Congress as a PBA for purposes of PBA 11(b). The company's memorandum of incorporation met the requirements of section 30, and as a result, the Commissioner granted approval as a PBO.

Example 3 – 2013 Africa Cup of Nations

Facts:

The Confédération Africaine de Football (CAF) is the governing body responsible for promoting football in Africa and internationally through various educational and development initiatives. CAF represents Africa's national football associations and oversees continental and national competitions.

CAF exclusively controls the organisation of the African Cup of Nations (AFCON) and the African Nations Championship (CHAN). These two competitions, collectively referred to as the tournaments, are contested by various national teams. CHAN takes place every two years, alternating with AFCON, and any country awarded the hosting rights for AFCON must also host CHAN in the following year.

Under CAF's requirements, the national football association of the host country is responsible for organising, hosting, and delivering the tournaments and must establish a Local Organising Committee (LOC) to do so.

The South African Football Association (SAFA) fulfilled this role when it hosted the 29th AFCON in 2013 and CHAN in January 2014. AFCON matches were held in Mbombela, Port Elizabeth, Durban and Johannesburg, while CHAN was hosted in Polokwane, Cape Town, Kimberley, and Mangaung. To carry out the organisation, staging, and hosting of both tournaments, SAFA established a non-profit company incorporated under the Companies Act.

Foreign participation in AFCON

AFCON includes both a qualifying round and a final tournament. Sixteen senior men's national football teams, including the host nation, took part in the qualifiers. The final tournament comprised 32 matches and was held from 19 January to 10 February 2013.

Foreign participation in CHAN

The tournament is open to national representative teams from associations affiliated with CAF, made up exclusively of national players who compete in their country's domestic league. Each affiliated association could enter one team to participate in CHAN, which was held in January 2014.

Economic impact on South Africa

Matches for both tournaments took place across a wide range of host cities, chosen to reflect a mix of coastal and inland locations as well as other large and smaller municipalities throughout South Africa.

These host cities were responsible for providing the necessary public infrastructure and services, including stadium rigging and de-rigging, décor and overlays, supply of design and signage, marketing and branding, information technology and wireless broadband, logistics, security, medical services, parking, hospitality, and transport. This, in turn, boosted employment and increased demand for local service providers. Under CAF's contractual requirements, commercial activities within designated exclusion zones at stadiums were largely awarded to South African businesses, while smaller informal businesses operating outside these zones also benefitted. A wide range of goods and services, such as hospitality, security, merchandising, ticketing, promotional items, screenings and entertainment, were sourced locally. Procurement processes followed broad-based black economic empowerment legislation and regulations to meet the conditions linked to government guarantees for tournament funding.

A volunteer programme supported approximately 2 500 individuals to assist with the successful delivery of the tournaments. The publicity surrounding the events also increased demand for accommodation, car rentals, air travel, and other tourism-related services.

The final draw, opening, closing and award ceremonies, alongside promotional activities, interviews, trophy tours, and live or delayed match broadcasts were transmitted across South Africa via satellite and free-to-air television. This extensive media exposure not only showcased South Africa but also reinforced its reputation as a capable host of major international sporting events. The promotion of the tournaments extended beyond national borders, with trophy tours and draw events held in various locations from Zambia to South Africa.

Approximately 500 000 tickets were released at prices comparable to local football matches, ensuring affordability for both domestic and international spectators.

The global nature of the tournaments meant that both South African and international spectators made significant economic contributions through their spending on the events and associated activities.

Result:

Based on the information provided in the application, and after considering the extent of foreign participation and the overall economic impact on South Africa, the Minister exercised his discretion to approve the company's hosting of the 2013 Africa Cup of Nations as a PBA under PBA 11(b). Consequently, as the company's memorandum of incorporation met the requirements of section 30, the Commissioner approved it as a PBO.