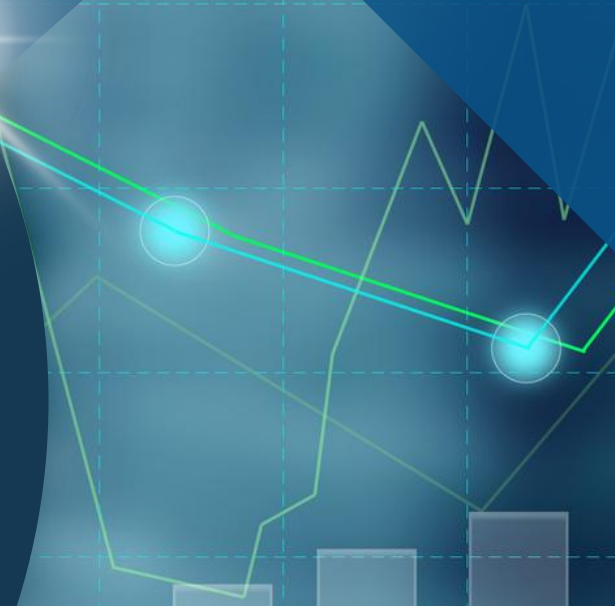
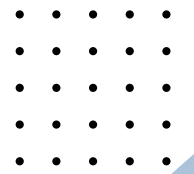


Simplified Income Tax Registration & Levy Membership Associations (including Home Owners' Association) Application Checklist

This checklist guides you through the required supporting documents for income tax registration and Levy Membership Associations. This includes Home Owners' Associations, Land Owner's Associations and other entities managing collective interests of members in relation to common immovable property



Below is a quick checklist to see if an applying entity meets the upfront requirements to be able to apply for Income Tax Exemption as Levy Membership Associations:

1. Allowable Legal Entity Types:

- a. Non-Profit Company (NPC) incorporated or established in South Africa.
- b. Association of Persons (Voluntary Association)

2. The Association must ensure they first meet the following basic requirements (not full list): *

- a. The sole object of the association of persons must be to manage the collective interests common to all its members, which includes expenditure applicable to the common immovable property and the collection of levies for which such members are liable.
- b. The association of persons is not permitted to distribute its funds to any person other than to a similar association of persons.



TIP – How to distinguish between a Body Corporate and a Home Owner's Association

A Body Corporate is created by law under the Sectional Titles Act and managed under the Sectional Titles Schemes Management Act and registered with the Deeds Office. A Home Owner's Association (HoA) is an association of persons formed by agreement (constitution/MOI). The levy exemption and basic exemption are applied on assessment for a Body Corporate whereas a HoA will only qualify for this levy exemption on approval as an exempt institution.

Non-Profit Companies (NPCs) – Process and Supporting Documents

1. Non-Profit Companies (NPCs) registered with CIPC are automatically registered for Income Tax.
2. The Income Tax reference number appears on the CIPC registration document (CoR14.3).
3. A Registered Representative must be appointed within 21 business days and registered with SARS as the NPC's Registered Representative.
4. SARS requires the following supporting documents (not older than 3 months) upon activation of the NPC's Income Tax Reference number. The Founding Document type is dependent on the type of NPC registered with CIPC:
 - a. CoR 14.1 – Notice of Incorporation
 - b. CoR14.3 (Registration Certificate) which indicates the active directors and enterprise information
 - c. NPC with members - CoR 15.1 (MOI) – Memorandum of Incorporation
 - d. NPC without members - CoR 15.1C – Standard MOI for NPC without members or CoR 15.1C – Standard MOI for NPC without members or CoR 15.1D – Long-form MOI for NPC without members
 - e. Custom MOI – Manually drafted
 - f. Resolution by the Board of Directors appointing a Registered Representative
 - g. Certified and legible / clear ID copy of the Registered Representative
 - h. Letter of Appointment (Registered Representative or a Power of Attorney providing a once-off mandate (with a certified and legible copy of the requester's certified identification document))
 - i. Proof of physical address of the NPC
 - j. Proof of residential address of the Registered Representative
 - k. Confirmation of bank account in the name of the entity (stamped or eStamped confirmation letter or bank statement) (if bank details are provided).

Legal Entity Income Tax Registration

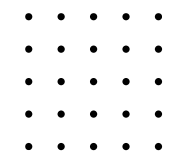
Each legal entity type eligible to apply as a Levy Membership Association has a distinct Income Tax registration process with specific supporting documents.

The following outlines the process and required documents for each qualifying entity type.

The requestor must be the Registered Representative or have a Power of Attorney providing a mandate (with a certified and legible copy of the requester's certified identification document)

Association of Persons (Voluntary Association) – Process and Supporting Documents

1. An Association of Persons must complete and submit the Income Tax Registration, Amendments and Verification Form (RAV01) at a SARS branch office.
2. SARS requires the following supporting documents (not older than 3 months):
 - a. Signed and dated Constitution of the Association of Persons
 - b. Resolution by office bearers appointing a Registered Representative
 - c. Certified and legible / clear ID copy of the Registered Representative
 - d. Letter of Appointment of the Registered Representative
 - e. Proof of physical address of the Association of Persons
 - f. Proof of physical address of the Registered Representative
 - g. Confirmation of bank account in the name of the entity (stamped or eStamped confirmation letter or bank statement) (if bank details are provided)

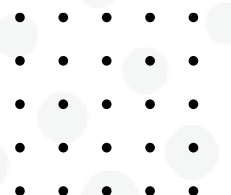


Levy Membership Association Application

Generic Supporting Documents

1. Founding document that is applicable to the legal entity type of the applicant. The founding document must:
 - a. Set out the objectives of the entity
 - b. Must contain the provisions of Section 10(1)(e)(i)(cc) of the Income Tax Act (indicated below)
2. Certified and legible copies of identification (ID document or passport and country of issue) for all unconnected fiduciary responsible persons (physical address, contact number and e-mail address must also be provided on the RAVTEI)
3. An explanation of the entity's objectives and the activities undertaken (if not completed on the RAVTEI application form or if additional information is available)
4. Annual financial statement (if the applicant wants to apply for retrospective approval or if the entity has been in operation for 12 months or more)
5. Confirmation of bank account in the name of the entity (stamped or eStamped confirmation letter or bank statement)

Please note: If the entity's founding document does not meet the HOA legislative requirements at the time of considering the application, the application may be rejected.



The Association's Founding Document **MUST** contain the contents of Section 10(1)(e)(i)(cc) of the Income Tax Act.

- The sole object of the association of persons must be to manage the collective interests common to all its members, which includes expenditure applicable to the common immovable property and the collection of levies for which such members are liable.
- An association of persons accepts the responsibility to control and manage the financial and administrative affairs pertaining to the common immovable property on behalf of its members.
- The association of persons is not permitted to distribute its funds to any person other than to a similar association of persons.
- Must have a person who accept fiduciary responsibility for the Association.
- Must not have any fiduciary responsible person that has been disqualified on any grounds, as per the provisions of Section 6 of the Trust Property Control Act; or Section 25A of the NPO Act; or Section 69 of the Companies Act.
- On dissolution of the association of persons, its remaining assets must be distributed to an association of persons exempt from income tax under section 10(1)(e)(i)(cc). Must not knowingly be a party to, or will 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 any and all tax, duty or levy liability.



Amendments to the SARS Registered Details

Founding document

In case of an Association of persons:

1. Updated Founding Document signed and dated by the office bearers,
2. Signed and dated meeting minutes or resolution where the updated Founding Document was approved.

In case of an NPC:

1. Updated MOI which has been lodged with CIPC