

## **Simplified Income Tax Registration & PBO Application Checklist**

This checklist guides you through the required supporting documents for income tax registration and PBO application, tailored to your legal entity and public benefit activities.

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 a Public Benefit Organisation (PBO):

1. Allowable Legal Entity Types:
  - a. Non-Profit Company (NPC) incorporated or established in South Africa.
  - b. Trust (Inter-vivos or Testamentary)
  - c. Association of Persons (Voluntary Association)
  - d. A Branch of a foreign tax-exempt organisation or an external foreign Company
2. The PBO must ensure they first meet the following basic requirements (not full list): \*
  - a. Has the sole or principal objective to carry on one or more public benefit activity (PBA), in a non-profit manner and with an altruistic or philanthropic intent.
  - b. Must have a minimum of three UNCONNECTED persons who accept fiduciary responsibility for the PBO. NOTE: This requirement is not applicable to a trust created under a will of a deceased person
  - c. Must ensure that all funds will be used solely for the object for which the PBO has been established.

## **Legal Entity Income Tax Registration**

The different allowable legal entity types that may apply for PBO status has specific Income Tax registration processes. This includes each legal entity type having its own supporting documents required when registering for Income Tax. The below sets out the process and required supporting documents for each legal entity type.

The requestor must be the 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)

### 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 15.1D – Standard MOI for NPC without members or CoR 15.1E – Long-form MOI for NPC without members
  - e. Custom MOI – Manually drafted (often used for PBO / 18A)

- 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)

### Trusts (Inter-vivos or Testamentary) – Process and Supporting Documents

1. The Trust must be registered with the Master's Office (Master of the High Court).
2. A Trust must register with SARS for Income Tax using the IT77TR. The completed Income Tax registration form for Trusts can be submitted either via the SARS Online Query System (SOQS) or at a SARS branch office.
3. SARS requires the following supporting documents (not older than 3 months):
  - a. Letter of Authority (LoA) from the Master of the High Court
  - b. Trust Instrument (including all amendments)
  - c. Certified and legible / clear ID copies of all Trustees
  - d. Trustee resolution appointing the Representative Taxpayer
  - e. Power of Attorney (if a tax practitioner has been appointed or once-off mandate)
  - f. Proof of physical address of the Trust
  - g. Proof of residential address of the Representative Trustee
  - h. Confirmation of bank account in the name of the entity (stamped or eStamped confirmation letter or bank statement) (if bank details are provided)

### 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)

## **PBO 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 activities of the entity, clearly indicating the primary and additional activities of the entity
  - b. Include the requirements of Section 30 of the Income Tax Act
  - c. Include the bursary clauses (Public Notice R.333 GG 27455) if the application is for an entity that will provide scholarships, bursaries, awards, and loans.
2. Certified and legible copies of identification (ID document or passport and country of issue) for all unconnected fiduciary responsible persons
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 PBO legislative requirements at the time of considering the application, the application may be rejected.**

#### Additional Supporting Documents (Dependent on Public Benefit Activities Selected)

The following additional supporting documents are required for specific public benefit activities:

1. Registration with the Department of Social Development: NPO Directorate as per the NPO Act
2. EMIS number and certificate issued to the Public / Government / Independent Schools by Provincial Department of Education (Part I: 4. Education and Development – 4(a) and Part II: 3. Education and Development – 3(a))
3. ECD Centre registration with the Department of Basic Education: ECD Centres (Part I: 4. Education and Development – 4(h) and Part II: 3. Education and Development – 3(h))
4. Regulatory registration with the applicable Regulatory Authority dependent on the Public Benefit Activity (PBA) selected, e.g.
  - a. ICASA Accreditation – if applying as a community radio station (Part I: 6. Cultural – 6(a))
  - b. Social Housing Regulatory Authority (SHRA) registration if applying under Land and Housing – the building of rental units for low-income households (Part I: 3. Land and Housing – 3(a) and Part II: 5. Land and Housing – 3(a))
  - c. SAQA registration or recognition or QCTO accreditation or SETA accreditation approval is required when the PBO conducts structured education or training programmes (Part I: 4. Education and Development – 4(c) to (g) and Part II: 3. Education and Development – 3(c) to (g))

### **Amendments to the SARS Registered Details**

#### Founding document

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.

Section 18A - Applicable if the entity is an existing PBO.

1. The organisation must ensure that it is fully compliant.
2. The requestor must be the 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)
3. Updated Founding Document indicating which of the Part II Public Benefit Activities the PBO is / will be performing.
4. Signed and dated meeting minutes or resolution where the updated Founding Document was approved.
5. Detailed description and explanation showing that the organisation performs qualifying Public Benefit Activities (PBAs) under Part II of the Ninth Schedule
6. Annual financial statements