

FAQ Public Schools

Question	Answer
Q1. Can public schools apply for tax exempt institution status	Public schools are exempt from income tax in terms of section 10(1)(cA)(i) of the Income Tax Act, 1962 (the Act), which requires approval from the Commissioner.
Q2. Can public schools apply for Section 18A status	<p><u>Group registration</u></p> <p>Section 18A of the Act allows the Commissioner to approve a group of institutions, boards or bodies contemplated in section 18A(1)(a)(ii) of the Income Tax Act, 1962. Approval was given by the Commissioner to the National Education Department for each provincial Education Department to apply for group registration for public schools registered in their area. The arrangement was that the relevant education authority would submit a list of names of the registered public schools in the province. The education authority would accept responsibility for compliance with the income tax legislation on behalf of public schools in their relative jurisdictions. Each provincial Education Department would be allocated a taxpayer reference number by SARS and would have to file annual income tax return (IT12EI) and report on the section 18A receipts issued by public schools in its jurisdiction.</p> <p><u>Individual school</u></p> <p>If a public school does not wish to use the benefit of the group registration for section 18A approval but prefers to apply separately for exemption from income tax under section 10(1)(cA)(i) and section 18A approval, they may do so.</p> <p>Once the public school is approved under section 10(1)(cA)(i) of the Act, it will have an obligation to file annual income tax return (IT12EI). Individual applications by schools are voluntary and where a public school is content with the group approval by its provincial Education Department it should not be forced to register separately for income tax purposes.</p>

Question	Answer
Q3. Are public schools exempt from SDL	State -owned schools are exempt from payment of Skills Development Levy (SDL) as a public service employer in the national, provincial sphere are included in the exemption.
Q4. Is the income of public schools exempt from normal / income tax?	The receipts and accruals of public schools are exempt from normal tax in terms of section 10(1)(cA)(i) of the Income Tax Act, 1962 (the Act). Section 10(1)(cA)(i) of the Act provides an exemption from normal tax in respect of receipts and accruals of an institution, board or body established by or under any law and its sole or principle object is to provide necessary services to the members of the general public.
Q5. What is a donation	A donation is a voluntary gift freely given by the donor out of liberality or generosity to a donee. Through the giving of a donation, the donor (the person giving the donation) is impoverished and the donee (the person receiving the donation) enriched. There must be no conditions or obligations attached to a donation and no personal benefit for the donor. If a donee gives any consideration in exchange, it is not a donation.
Q6. What types of donations can be given	A donation can be in the form of cash or of property in kind that was actually paid or transferred by the donor to the donee in a year of assessment.
Q7. Are schools allowed to issue Section 18A receipts for school fees paid	No. Section 18A receipts may not be issued for school fees.