

- Take note: All information provided in the application must be correct and complete to avoid unnecessary delays.
- All of the above can be submitted at your nearest SARS branch.

Applications can no longer be submitted via post, e-mail or fax. Under exceptional circumstances e.g. if the applicant is incapacitated or lives more than 200km from their nearest SARS branch, they can ask a representative person to hand in their registration application at a SARS branch. However, that representative person will firstly need to register with SARS as a legal entity (they will need to bring their ID and power of attorney/appointment letter to show that they are representing the taxpayer).

After you have submitted all the necessary documents at a SARS Branch, you will be provided with a case number to follow up the application status.

- Please note: If you are already registered as a Non-Profit Company (NPC) with the Companies and Intellectual Property Commission (CIPC), then you will automatically be registered with SARS for Income Tax purposes.
- Once you are registered with SARS for income tax, this does not mean that you have been approved for tax exemption. This will entail a further approval process. Also, even if exemption from income tax is granted, all PBOs must still complete an annual Income Tax Return on an IT12EI form.

If you need more information you may:

- Visit the SARS website on www.sars.gov.za
- Call the SARS Contact Centre on 0800 00 SARS (7277)
- Call the Tax Exemption Unit (TEU) on 012 483 1700 or
- Send an email to teu@sars.gov.za
You can call from abroad, on +27 11 602 2093, but only between 8am and 4pm South African time

The following publications offered by SARS will provide useful information to supplement the general information provided:

- "Tax Exemption Guide for Public Benefit Organisations in South Africa" available on the SARS website: www.sars.gov.za
- Interpretation Notes available on the SARS website under Legal and Policy.
- "Quick Guide on How to Complete the IT12EI Return for Exempt Organisations" (IT-AE-36-G01) on the SARS website

DISCLAIMER

The information contained in this leaflet is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the leaflet should refer to the relevant legislation, or seek a formal opinion from a suitably qualified individual.

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How to apply for Income Tax Exemption

Income Tax Exemption

Non Profit Organisations play an important role in our communities. They help our communities to meet their social and development needs. To lighten the financial burden on these organisations, the South African Revenue Service (SARS) may grant tax benefits to these not-for-profit organisations.

However, a non-profit organisation must apply to SARS for income tax exemption to enjoy the benefit of these tax concessions.

If the application for income tax exemption is approved by SARS, the organisation becomes an approved Public Benefit Organisation (PBO). The PBO will get a unique exemption reference number. (This is contained in a letter of approval and not a certificate).

To apply for income tax exemption you must:

1. Lodge an application at your nearest SARS branch using the following forms:

- EI 1 application form (to be completed by all organisations). All relevant forms can be downloaded from the SARS website www.sars.gov.za, or the forms can be obtained from your nearest SARS branch.
- This application form must:
 - Contain the details of three unconnected office bearers, directors or trustees. (unconnected means *three people who are not family/not related to each other*).
 - Public Officer/Representative must sign the declaration on page 14 of the EI1 application form.
- A written undertaking accompanying the EI1. Depending on the Nature of your Organisation, it will be one of the following:
 - EI 2 - Written undertaking (only for public benefit organisations to ensure compliance with section 30 of the Income Tax Act)
 - EI 2A - Written Undertaking for professional bodies to ensure compliance with section 30B of the Income Tax Act
 - EI 2B - Written undertaking (only for foreign branches to ensure compliance with section 30 of the Income Tax Act)
 - EI 2C - Written undertaking (only for recreational clubs to ensure compliance with section 30A of the Income Tax Act)
 - EI 2D - Written Undertaking for small businesses funding entities to ensure compliance with section 30C of the Income Tax Act

Please note: The EI 2, EI 2 B, or EI 2 C must be signed by the three unconnected office bearers, directors or trustees contained in the EI 1 application form.

Income Tax Exemption

2. Attach the following documents to the application:

- A Founding Document – which can be one of the following:
 - o Copy of Signed and Dated Constitution for Association of Persons
 - o Signed copy of Trust Deed and Letter of Authority from Masters of High Court for Trust
 - o Copy of Memorandum of Incorporation signed by directors and Incorporation Certificate for Sec21 Company
- Clear, readable certified copies of a valid identity document of all three fiduciary responsible office-bearers, directors or trustees as well as the Public Officer / Representative (if different from that of the three Fiduciaries).
- A copy of a bank statement with original bank stamp or eStamped statement not more than three months old. The bank statement must confirm the account holder's legal name, account number, account type and branch code where applicable.
If a taxpayer has opened a new bank account (less than a month old) and cannot produce a bank statement, they will need an original letter from the bank on the bank letterhead with the original bank stamp, confirming the account holder's legal name, account number, account type, branch code and reflecting the date the bank account was opened.
- Financial Statements must be submitted if the organisation has been in existence for longer than a year (and for each financial year that it has been in existence). If the organisation has been in existence for more than a year, but it has not been in operation (dormant), it must submit an affidavit with its bank statements to state that it has not been in operation.
- Proof of residential or physical business address.
 - o For the organisation; and
 - o For the Public Officer (if not already registered with SARS as a taxpayer)**If the taxpayer operates in a residence owned by a third party (i.e proof of residence is in the name of someone else and not the taxpayer), a Confirmation of Entity Residential/Business Address (CRA01) form must be completed and signed by the 3rd party.**

Please Note: A certified stamp on any document is only valid for three months.

SARS accepts the following as proof of residential address:

Document description	Validity period
Government Issued Document	
Utility account i.e. rates and taxes, water or electricity account	Less than 3 months old
Medical aid statement	Less than 3 months old
Mortgage statement from mortgage lender	Less than 6 months old
Telephone account	Less than 3 months old
Confirmation letter by Tribal Authority	Less than 3 months old
Confirmation letter by Councillors	Less than 3 months old
Government Issued Document	
Motor vehicle licence documentation	Less than 1 year old
Court order	Less than 3 months old
Subpoena	Less than 3 months old
Traffic fine	Less than 3 months old
Documentation relating to UIF or pension payout	Less than 3 months old
Insurance and Investment Document	
Life assurance document	Less than 1 year old
Short-term insurance document	Less than 1 year old
Health insurance document	Less than 1 year old
Funeral policy document	Less than 1 year old
Investment statement from share, portfolio or unit trust	Less than 1 year old
Investment statement from share, portfolio or unit trust	Less than 1 year old
Investment statement from share, portfolio or unit trust	Less than 1 year old
Lease / Franchise Agreement	
Current and valid agreement	