

## **BINDING GENERAL RULING (INCOME TAX) 70**

DATE: 16 May 2024

**ACT : INCOME TAX ACT 58 OF 1962**  
**SECTION : SECTION 18A(1) AND (2)(a)**  
**SUBJECT : ISSUE OF A SINGLE SECTION 18A RECEIPT TO A DONOR TAXPAYER FOR MULTIPLE *BONA FIDE* DONATIONS**

For the purposes of this ruling –

- “**BGR**” means a binding general ruling issued under section 89 of the Tax Administration Act 28 of 2011;
- “**section**” means a section of the Act;
- “**section 18A-approved organisation**” means any public benefit organisation, conduit public benefit organisation, institution, board or body, agency, programme, fund, High Commissioner, office, entity, organisation, or the government approved by the Commissioner for purposes of section 18A envisaged in section 18A(1)(a) to (c);
- “**section 18A receipt**” means a receipt with prescribed requirements issued under section 18A(2) by a section 18A-approved organisation potentially entitling the donor taxpayer to an income tax deduction for *bona fide* donations made;
- “**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.

### **1. Purpose**

This BGR provides clarity on whether a section 18A-approved organisation is entitled to issue a single section 18A receipt for multiple *bona fide* donations actually paid or transferred by the same donor taxpayer during a year of assessment.

### **2. Background**

Section 18A(1) provides that a donor taxpayer<sup>1</sup> is allowed in the determination of taxable income, notwithstanding the provisions of section 23, to deduct the sum of any *bona fide* donations actually paid or transferred to a section 18A-approved organisation during a year of assessment.<sup>2</sup> The deduction of the sum of the *bona fide* donations

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<sup>1</sup> The term “taxpayer” as defined in section 1(1) means any person chargeable with any tax under the Act.

<sup>2</sup> The term “year of assessment” as defined in section 1(1) generally means any year or other period in respect of which any tax or duty leviable under the Act is chargeable.

made during a year of assessment may not exceed 10% of the taxpayer's taxable income subject to certain provisions.<sup>3</sup>

Section 18A(2)(a) prescribes the mandatory information that must appear on a section 18A receipt for the receipt to be valid. Any claim for a deduction in the determination of taxable income for the sum of any *bona fide* donations by a donor taxpayer will be allowed only if supported by a section 18A receipt issued by the section 18A-approved organisation containing the mandatory information.<sup>4</sup>

Section 18A-approved organisations may receive multiple *bona fide* donations during a year of assessment from the same donor taxpayer. Section 18A(2) is silent on whether a separate section 18A receipt must be issued for each *bona fide* donation actually paid or transferred by the same donor taxpayer during the year of assessment. The issuing of a separate section 18A receipt for each *bona fide* donation actually paid or transferred may create administrative challenges for section 18A-approved organisations.

### 3. Ruling

Applying a businesslike<sup>5</sup> interpretation and application to section 18A, a single section 18A receipt, complying with the mandatory information listed in section 18A(2)(a) issued to a donor taxpayer for the sum of *bona fide* donations actually paid or transferred by that donor taxpayer to a section 18A-approved organisation during a year of assessment, is acceptable. The sum of the multiple *bona fide* donations reflected in separate section 18A receipts must be the same amount as the sum of *bona fide* donations reflected in a single section 18A receipt.

The single section 18A receipt issued by a section 18A-approved organisation to a donor taxpayer, however, must contain the mandatory information and a breakdown listing the following information of each *bona fide* donation making up the sum of the multiple *bona fide* donations actually paid or transferred by that donor taxpayer during the year of assessment:

- The date of receipt of each *bona fide* donation
- The amount of each *bona fide* donation if the donation was made in cash
- The nature and value of each *bona fide* donation if the donation is a non-cash donation

The above will ensure substantial compliance with the requirements under section 18A.

This ruling constitutes a BGR issued under section 89 of the Tax Administration Act 28 of 2011.

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<sup>3</sup> Section 18A(1)(B).

<sup>4</sup> Section 18A(2)(a).

<sup>5</sup> *Natal Joint Municipal Pension Fund v Endumeni Municipality* 2012 (4) SA 593 (SCA).

This ruling applies for the third-party reporting under section 26 of the Tax Administration Act, 2011 in accordance with Public Notice 3631 in *Government Gazette* 48867 of 30 June 2023.<sup>6</sup>

**4. Period for which ruling applies**

This BGR applies from date of issue until it is withdrawn, amended or the relevant legislation is amended.

**Senior Manager: Leveraged Legal Products  
SOUTH AFRICAN REVENUE SERVICE**

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<sup>6</sup> For commentary on how third-party information relating to section 18A receipts must be submitted to SARS, see the *Business Requirement Specification: IT 3 Data Submission* available online at [www.sars.gov.za](http://www.sars.gov.za).