

BINDING PRIVATE RULING: BPR 338

DATE: 17 January 2019

ACT : INCOME TAX ACT 58 OF 1962 (the Act)
SECTION : SECTION 18A
SUBJECT : DONATIONS OF MONEY MADE TO A PUBLIC BENEFIT ORGANISATION AT A FUNDRAISING EVENT

Preamble

This binding private ruling is published by consent of the applicant(s) to which it has been issued. It is binding as between SARS and the applicant only and published for general information. It does not constitute a practice generally prevailing.

1. Summary

This ruling determines the tax treatment of payments made to the applicant, a public benefit organisation (PBO) approved under section 30, at a fundraising event.

2. Relevant tax laws

In this ruling references to sections are to sections of the Act applicable as at 17 September 2019. Unless the context indicates otherwise any word or expression in this ruling bears the meaning ascribed to it in the Act.

This is a ruling on the interpretation and application of section 18A.

3. Parties to the proposed transaction

The applicant: A non-profit resident company approved as a PBO under section 30

4. Description of the proposed transaction

The applicant will host a fundraising event as a means of encouraging donations towards its public benefit activities. The fundraising event will be managed by an external events management company.

During the fundraising event attendees will make payments to participate in activities as well as make donations of money. The events management company will develop and manage an electronic system that will enable attendees to make the requisite payments during the fundraising event. This will be done by way of roaming electronic touchscreen devices. The system will distinguish the various payments as either payments to participate in activities or to make donations of money, and it will also tally the various amounts at the end of the fundraising evening.

Each attendee will settle the total amount due in respect of his or her transactions at the end of the evening by a single credit card payment. The applicant will use the reports generated by the system to determine which attendees are eligible to receive a section 18A receipt as well as the amount to be indicated on the receipt. Only the donations made by each attendee will be reflected on the section 18A receipt.

5. Conditions and assumptions

This binding private ruling is subject to the additional condition and assumption that the payment tracking system to be used by the applicant at the fundraising event, must as nearly as practicable conform to the one proposed and be easy to verify in respect of its intended function of accounting for donations of money separately from other payments.

6. Ruling

The ruling made in connection with the proposed transaction is as follows:

- a) The donations made to the applicant which have been identified as such by the applicant's proposed payment tracking system at its fundraising event will constitute "bona fide" donations made to a PBO under section 18A; and the applicant may issue the donors with section 18A receipts in respect of those "bona fide" donations.
- b) Nothing in this ruling precludes the Commissioner from exercising the powers under section 30(5), or any amendment or substitution of that provision.

7. Period for which this ruling is valid

This binding private ruling is valid for a period of five years from 1 January 2020.

**Legal Counsel: Advance Tax Rulings
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