

# Association of Persons (e.g. Home Owners Associations) Fact Sheet

Question	Answer
<p>Are Home Owners Associations (HOAs) required to register for Income Tax?</p>	<p>Yes, within 21 business days upon formation of the organisation the entity must approach SARS and register for Income Tax. SARS automatically allocates non-profit companies an Income Tax reference number upon registration with the company's registrar (CIPC) because SARS has a direct interface with CIPC.</p> <p>Voluntary association applies for Income Tax registration at SARS.</p>
<p>Which section(s) of the Income Tax Act apply to HOAs?</p>	<p>Section 10(1)(e)(i)(cc) of the Income Tax Act, Levy: exempts levies received or accrued by approved association of persons.</p> <p>Section 10(1)(e)(ii) of the Income Tax Act, Basic exemption: exempts any receipts and accruals other than levies derived by association of persons that is less than R50 000 (not capital in nature).</p>
<p>Must HOAs apply for Income Tax exemption?</p>	<p>Yes, associations of persons, once registered as taxpayers, must apply to the Commissioner for approval to enjoy the benefit of the exemption from Income Tax under section 10(1)(e)(i)(cc).</p>
<p>How does a HOA apply for Income Tax exemption?</p>	<p>Download and complete the <a href="#">E1 application form from the SARS website</a>, and book an appointment on the <a href="#">SARS eBooking system</a>. Booking an online appointment at a branch office will enable the representative taxpayer/public officer to submit the application (completed form and supporting documents). Once the appointment has been made, a case reference number will be issued which must be used to upload the application forms and supporting documents on the <a href="#">SARS Online Query System (SOQS)</a>.</p>

<p>What supporting documents are required from a HOA when applying for Income Tax exemption?</p>	<p><b>EI1 application form</b></p> <ul style="list-style-type: none"> <li>The representative's / or public officer's details must be completed on the EI1 form.</li> </ul> <p><b>Certified and clear ID copy of the representative/public officer</b></p> <p><b>Proof of residential or business address:</b></p> <ul style="list-style-type: none"> <li>Organisation's physical address</li> <li>Public officer/representative's address (if not already registered with SARS as a taxpayer)</li> <li><a href="#">CRA01 Form</a> (signed and dated) (CRA01 is applicable only when the organisation or the public officer is using a third-party residential address).</li> <li>A "Confirmation of Entity Residential/Business Address" (CRA01) form must be completed and signed by the third party.</li> </ul> <p><b>Proof of bank details:</b></p> <ul style="list-style-type: none"> <li>Bank statement (confirming the account holder's legal name, account number, account type, and branch code).</li> <li>The bank statement can be used for dual purposes: as proof of bank details and proof of physical address.</li> </ul> <p><b>Founding Documents:</b></p> <ul style="list-style-type: none"> <li>Association of persons (Voluntary Association): signed and dated constitution.</li> <li>Non-profit company: CoR 14.3: Company Registration Certificate</li> </ul>
--	--

	<p>CoR 15.1: Copy of the Memorandum of Incorporation (MOI must be signed by the directors and dated.)</p> <p><b>Letter of authority:</b></p> <ul style="list-style-type: none"> <li>Resolution signed by the three directors appointing the representative taxpayer.</li> </ul>
<p>What is the difference between a HOA, share block, and body corporates?</p>	<p>Body corporates and share block companies qualify for an automatic exemption from Income Tax under section 10(1)(e)(i)(aa) and (bb), respectively, and no further approval by the Commissioner is required once they have registered as taxpayer. The levy income exemption and the basic exemption are applied on assessment.</p> <p>Associations of persons (HOAs) must apply to the Commissioner for approval to enjoy the benefit of the exemption from Income Tax under section 10(1)(e)(i)(cc). The organisation will be fully taxable on all its receipts and accruals without approval by the Commissioner.</p>
<p>What are the tax obligations of HOAs?</p>	<ul style="list-style-type: none"> <li>Register the organisation with SARS for Income Tax.</li> <li>Apply for exemption from Income Tax.</li> <li>Keep the approval letter issued by the Commissioner indefinitely.</li> <li>Submit annual returns.</li> <li>Record keeping: all financial documents must be retained and preserved for at least five years.</li> <li>Settle tax liability upon finalising the assessment.</li> <li>Inform the Commissioner of changes in particulars (e.g. representative taxpayer, banking details, and email) within 21 business days.</li> </ul>
<p>Must HOAs submit an annual return?</p>	<p>Yes, the Commissioner annually publishes a notice in accordance with section 25(1)(b) of the Tax Administration Act stipulating under which</p>

	<p>circumstances companies must submit Income Tax returns.</p> <p>Associations of persons must submit the tax return within 12 months from the date on which their financial year ended.</p> <p>Associations of persons are excluded from the definition of "provisional taxpayer" and are not required to make provisional tax payments or submit provisional tax returns.</p> <p>An association of persons that has taxable income must settle its tax liability on assessment.</p>
--	---