



THE UNITING PRESBYTERIAN CHURCH IN SOUTHERN AFRICA

27TH March 2017

TO ALL MINISTERS, SESSION CLERKS, TREASURERS OF ALL PRESBYTERIES AND CONGREGATIONS OF THE UPCSA (WITHIN SOUTH AFRICA)

PUBLIC BENEFIT ORGANISATIONS (PBO'S)

There has been a lot of talk going around of whether Churches should register as a Public Benefit Organisation and as a Non-Profit Organisation, and I thought it prudent, as the General Treasurer to share the following information with you, to ensure your congregations are compliant with the laws and statutes of the country.

It is not necessary to register as a NPO, as it is far too onerous and you need a full audit done every year, which comes at great cost. However, you MUST register as a Public Benefit Organisation so that your Church itself, is exempt from Income Tax.

Each congregation MUST register as its own legal entity and may **NOT** under any circumstances use the denomination's PBO number.

If you want to be approved as a Public Benefit Organisation (PBO) you must apply through the South African Revenue Service (SARS).

To qualify for approval as a PBO a Church must be incorporated or established in South Africa as:

- a non-profit company which has a memorandum of incorporation as a founding document
- a trust which has a trust deed as a founding document
- **an association of persons which has a constitution as a founding document.**

The organisation must conduct a public benefit activity which is defined as any of the following activities listed in Part 1 of the Ninth Schedule of the Income Tax Act:

- welfare and humanitarian;
- healthcare;
- land and housing;
- education and development;
- **religion, belief or philosophy;**
- cultural;
- conservation, environment and animal welfare;
- research and consumer rights;
- sport;
- provider of funds, assets or other resources.

The Minister of Finance can from time to time approve other activities so long as they are activities of a benevolent nature having regard to the needs, interest and wellbeing of the general public.



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Once approved by the South African Revenue Service (SARS) and complies with the requirements set out on the Income Tax Act, the Church will be exempt from income tax.

To register as a PBO, Churches need to submit the following documents to the Tax Exemption Unit (TEU) of SARS:

- A certified copy of the Church's founding document
- A completed application form to register a PBO (Form EI 1 - attached)
- A written undertaking to be signed by three trustees confirming that they take fiduciary responsibility for the PBO (Form EI 2 - attached)

For more information on the SARS web-site regarding this, please visit the following URL:

<http://www.sars.gov.za/ClientSegments/Businesses/TEO/Pages/Tax-Exemptions-and-PBOs.aspx>

You can also contact the following employees at the Tax Exemption Unit if you require assistance:

Brenda Lodi BLodi@sars.gov.za

Emmanuel Gumbi EGumbi@sars.gov.za

I have dealt with them on numerous applications for other Churches and they are very helpful and efficient.

Please also reach the attached SARS document regarding the various requirements, and conditions your Church needs to comply with on an annual basis, and what the officers assuming fiduciary duty are accountable for.

Please contact the Chief Financial Officer - Geoff Jooste (finance@presbyterian.org.za) or I (generaltreasurer@presbyterian.org.za) should you have any queries.

Yours in Christ

Ryan Johnson
General Treasurer