



TAX EXEMPTION UNIT

ENQUIRIES
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PBO REFERENCE NO*
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OUR REFERENCE NO*
EVZ0037/10/06

DATE
11 October 2006

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South African Revenue Service

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*** Please quote both reference numbers in your correspondence with the TEU.**

*** All correspondence must be addressed to The Head: Tax Exemption Unit at the above-mentioned postal address.**

Dear Sir

EXEMPTION FROM TAXES AND DUTIES AND APPROVAL IN TERMS OF SECTION 18A: BREADLINE AFRICA (RSA)

I write with reference to your application for exemption from income tax .


1. It is confirmed that:-

- 1.1 The Company has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, (the Act) and receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.
- 1.2 The public benefit organisation has been approved for purposes of section 18A(1)(b) of the Act and donations to the organisation will be tax deductible in the hands of donors in terms of and subject to the limitations prescribed by section 18A of the Act.
- 1.3 Donations by or to the public benefit organisation are exempt from donations tax in terms of section 56(1)(h) of the Income Tax Act;
- 1.4 Bequests or accruals from the estates of deceased persons in favour of the public benefit organisation are exempt from the payment of estate duty in terms of section 4(h) of the Estate Duty Act, 45 of 1955; and

- 1.5 In terms of section 4(1)(f) of the Stamp Duties Act, 1968, any instrument which is executed by or on behalf of the public benefit organisation is exempt from stamp duty, if the duty thereon would be legally payable and borne by the public benefit organisation.
2. Kindly note that the relevant exemptions are subject to the following conditions:
 - 2.1 Annual returns of income and accounts be submitted to the Tax Exemption Unit, together with financial statements and supporting documentation such as a statement showing how the income has been expended; full details of the receipts issued in respect of tax deductible donations in terms of section 18A and how these funds were expended; as well as an auditor's certificate certifying that donations for which tax deductible receipts were issued were solely utilised to fund public benefit organisations approved in terms of section 18A(1)(a) of the Act.
 - 2.2 The Company must obtain documentary proof from the projects (beneficiaries) to confirm that they are formally exempted by the Commissioner from the payment of income tax.
 - 2.3 The Company may not issue tax deductible receipts in respect of donations utilised to assist deserving informal community projects as contemplated in subparagraph (iii) of the public benefit activity in paragraph 10 in Part I to the Ninth Schedule to the Act.
 - 2.4 The public benefit organisation must distribute at least 75% of the donations received, in respect of which tax deductible receipts were issued, in the year following the year during which the donations were received.
 - 2.5 The following information must be given of the tax deductible receipts issued:
 - 2.5.1 The reference number of the public benefit organisation, issued by the Commissioner for the purposes of this section (the reference number quoted on this letter).
 - 2.5.2 The date of the receipt of the donation;

- 2.5.3 The name of the public benefit organisation, which received the donation, together with an address to which enquiries may be directed in connection therewith;
 - 2.5.4 The name and address of the donor;
 - 2.5.5 The amount of the donation or the nature of the donation (if not made in cash), and
 - 2.5.6 A certification to the effect that the receipt is issued for the purposes of section 18A of the Income Tax Act, 1962, and that the donation has been or will be used exclusively for the object of the public benefit organisation concerned.
- 2.6 The exemptions approved in paragraph 1 above are subject to review on an annual basis upon receipt of the financial statements.
- 2.7 Within 90 days** from the date hereof the Employees Tax (PAYE) reference number relating to the public benefit organisation must be submitted to this office. **If not registered please furnish reasons.**

Sincerely



Estelle van Zyl (Mrs)
Tax Exemption Analyst

for COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE