



The Voice of Premature Babies in Africa

Registration No: 2002/025421/08

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Dear Donor

Thank you very much for considering helping Preemies for Africa, by making a donation.

Kindly find below information on how you can benefit from making a donation:

Preemies for Africa are:

EXEMPTION FROM TAXES AND DUTIES AND SECTION 18A APPROVAL

Therefore

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

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Should you make a donation, and would like to benefit from it, for income tax purposes, kindly advise finances@preemiesforafrica.org, that you require a donation receipt. The receipt will depict all the relevant information pertaining to the donation.

You can submit the receipt with you annual Income Tax return form, or to you employer for deduction (see box at the end of this letter).

Should you wish to proceed with you donation, you can make a direct deposit into our bank account, information listed below, or you can complete a monthly debit order form, and return it by fax to 086 564 9356 or email it to finances@preemiesforafrica.org

Nedbank Current Account 1497-084-725

Branch: Business Pretoria

Branch Code: 149-745

We thank you from the bottom of our hearts for you donation, it will go along way to help us in the execution of our vision and mission.

Kind Regards



LAVONNE PRINSLOO

CHIEF EXECUTIVE OFFICER

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Deductions for donations to Public Benefit Organisations simplified

Anja Finner, Senior Tax Consultant at KPMG
21 February 2008

In the Budget Manuel proposed that employers be allowed to deduct donations made by employees to PBOs.

In his Budget, Minister Trevor Manuel provided an incentive for employees to donate to Public Benefits Organisations ("PBOs").

At present, the legislation regulating deductions made by individuals to PBOs generally provides that the individual taxpayer can deduct the value of donations made to PBOs from their taxable income, as long as the amount of the deduction does not exceed ten per cent of the individual's taxable income as it is before utilising this deduction.

Due to the way in which this deduction is structured in the legislation, in order to make use of this deduction, an individual is required to request it when completing his or her income tax return. This has meant that typically individuals would only be able to utilise the deduction if they were registered for income tax purposes and, if they are so registered, if they are aware that the request for this deduction must be made via the income tax return.

A result of this has been that individuals may have been discouraged from making donations to PBOs as they have either not been in a position to utilise the benefit of the deduction, or they have not been aware of the formalities required to request the deduction.

In his Budget Speech of 20 February 2008, Minister Trevor Manuel has advised that Government is conscious of this fact and has recognised the need to expand the potential pool of donors to PBOs. For that reason and in order to ease the administrative burden on the South African Revenue Service, Manuel has proposed that employers be allowed to deduct donations made by employees to PBOs from the value of the remuneration on which employees' tax payments are calculated.

This effectively means that employees will now be able to provide their employers with certificates from the PBOs to which they have made donations. The certificate will state the amount of the donation made and confirm that the PBO is indeed one registered in terms of the applicable tax legislation. On receipt of this certificate the employer will be required to deduct the value of the donation from the remuneration base on which an employee's tax is calculated. This will not affect the remuneration that is paid to an employee, but will assist in decreasing an employee's liability for employees' tax.

In simplifying the method in which deductions of donations to PBOs are made and the concomitant relief that is received, it is hoped that an increased number of individuals will be encouraged to make donations to PBOs.

Resource:

<http://www.moneywebtax.co.za/moneywebtax/view/moneywebtax/en/page197?oid=1894&sn=Detail>