

## LCF POLICY REGARDING THE ISSUING OF SECTION 18A TAX DEDUCTIBLE CERTIFICATES

### 1. INTRODUCTION

LCF is an NPC (Non-Profit Company) that functions both as a Church and a Community Organisation.

LCF is involved with numerous Public Benefit Activities according to part I and II of the ninth schedule.

According to South African regulations a Church qualifies as a Public Benefit Organisation according to part I of the ninth schedule, but only certain public benefit activities approved by law as defined in part ii of the ninth schedule do qualify for the Section 1 A provisions, and therefore it is important for LCF to differentiate in our bookkeeping between Public Benefit Activities from part I of the ninth schedule and those of part ii of the ninth schedule, and we need to ring-fence our income and expenses that pertain to the public benefit activities related to part ii of the ninth schedule.

Therefore, only income that is derived from donators towards the public benefit activities that relate to part ii of the ninth schedule can be considered for the issuing of the Section 18A Tax deductible certificate.

**NOTE:** This policy only relates to public benefit activities that happen within the borders of South Africa, as Section 18A Tax deductible receipts cannot be issued for activities outside the borders of South Africa.

### 2. CHURCH INCOME AND EXPENDITURE

All income that is derived from Church activities and that relate to Church expenditure will not qualify for the Section 18a provision and will be seen as an act of faith and worship in planting financial seed in the kingdom of God. This income will also be used for Church expenditure, Mission-work, other Christian related efforts excluding philanthropy and community welfare projects where congregation are involved with.

Income sources that do not qualify for the Section 18a provisions are as follows:

- *Cash Tithes & Offerings*
- *EFT Tithes & Offerings*
- *Registration for courses*
- *Payment for Church related functions, events and products*



### **3. SECTION 18a TAX DEDUCTABLE RECEIPTS**

Donations that are received from individuals and/or businesses, and that are given for the LCF public benefit activities that qualify for Section 18a provisions will be issued with a Tax-deductible receipt for the donations given.

The board of directors may allocate a percentage of income related to public benefit activities (part ii of the ninth schedule) for which Section 18a certificates are issued to the overhead cost of LCF that include costs of LCF relating salaries, building, telephone, travel and other that relate direct to the public benefit activities as per part ii of the ninth schedule.

The percentage will be determined by decision of the Board of Directors, and the bookkeeping will be ring-fencing the financial movements as required by law.

### **4. THE RESPONSIBILITY OF THE DONATOR**

Because of the ring-fence procedure needed for public benefit activities that relate to part II of the ninth schedule, the donator has to make it clear to LCF that they would request an Section 18A tax deductible Receipt so that LCF knows to administer the donation as part of the ring-fenced income and expenditures. The Donator can do this by filling in the attached form.

Request for Tax deductible receipts cannot be granted at later stages after the donation has been used because LCF was not in a position and the expenditure related to the donation.

Anonymous donations will be used at the discretion of the LCF directors and will not be granted a Tax-deductible receipt because of the anonymity of the donation.

### **5. BANK ACCOUNTS**

All donations for public benefit activities related to part II of the ninth schedule will be received in the LCF Bank account and will be administered according to the LCF ring-fence policy.

### **6. ATTACHMENTS AVAILABLE FROM THE LCF OFFICE**

- Copy of part I and part II of the Ninth Schedule related to the public benefit activities that do and do not qualify for Section 18A Tax deductible receipts.
- Related documentation from SARS regarding the administrating of Section 18A receipts.

**IJ OLIVIER**  
**LCF CHAIRMAN**



# LIFE CHRISTIAN FOUNDATION

INTENTION TO DONATE AND RECEIVE SECTION 18A TAX DEDUCTABLE RECEIPTS

DONATION TO – LIFE CHRISTIAN FOUNDATION NPC

DONATOR NAME: \_\_\_\_\_

PHYSICAL ADDRESS: \_\_\_\_\_

DONATION FREQUENCY:

Once off

Monthly/Regular

AMOUNT \_\_\_\_\_

DATE OF PAYMENT \_\_\_\_\_

DONATION REFERENCE ON BANK STATEMENT ART 18

SIGNED: \_\_\_\_\_

DATE: \_\_\_\_\_