



Registered NPOs & Approved PBOs – Some Similarities and Differences

By Ricardo Wyngaard

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This is an electronic newsletter published by: **RICARDO WYNGAARD ATTORNEYS** which is aimed at updating the non-profit sector on relevant legal issues.

IN THIS EDITION:

‘NPOs AND PBOs –

SOME SIMILARITIES AND DIFFERENCES’

By: Ricardo Wyngaard

RICARDO WYNGAARD ATTORNEYS is a law practice that specialises in rendering advice and assistance on non-profit law and governance.

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DETAILS:

Tel: +27 82 864 9234
ricardo@nonprofitlawyer.co.za

www.nonprofitlawyer.co.za

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SIMILARITIES

Entity: Voluntary associations, non-profit trusts and non-profit companies can apply for registration. NPO Act does not grant legal status to NPO. Only additional registration facility.

Purpose: Must operate for a public purpose.

Restriction: The income and property of must not be distributable to its members or office-bearers except as reasonable compensation for services rendered.

Reporting: Report annually to the NPO Directorate and keep prescribed information up to date.

Founding document: Must have certain prescribed clauses in founding document

Entity: Voluntary associations, non-profit trusts and non-profit companies can apply for approval. Income Tax Act does not grant legal status to entity, only offers tax benefit.

Purpose: Activities must be carried for the benefit of, or should be widely accessible to, the general public at large.

Restriction: The activities of the PBO cannot economically benefit any person in a manner which is not consistent with its public benefit objectives.

Reporting: Submit annual returns to SARS.

Founding document: Must have certain prescribed clauses in founding document.

DIFFERENCES

Legislation: Registered in terms of NPO Act

Taxation: No tax benefits. Minister of Social Development may prescribe benefits.

Ministry: Falls under auspices of Minister of Social Development.

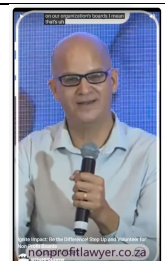
Legislation: Approved in terms of Income Tax Act

Taxation: Tax benefits to approved public benefit organisation.

Ministry: Falls under auspices of Minister of Finance.

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