

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 2229 [NW2804E]**  
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**Mr. S G Thobejane (ANC) to ask the Minister of Finance:**

Whether the National Treasury has a system in place for taxing churches; if not, what is the position in this regard; if so, which system?

NW2804E

**REPLY**

**Background:**

All Churches are required to be registered for income tax and are required to submit annual returns. However, the income tax legislation provides for the approval of a public benefit organisation (PBO) whose sole or principal object is the carrying on of one or more approved public benefit activities (PBAs). These activities include the promotion and practice of religion. Such approved PBOs enjoy certain benefits in terms of the legislation administered by the Commissioner including that certain of their receipts and accruals are exempt from income tax.

One of the requirements in the legislation is that the organisation must carry on the PBAs in a non-profit manner with an altruistic or philanthropic intent and that no such activity may directly or indirectly promote the economic self-interest of any fiduciary or employee of the PBO. The activities must also be carried on for the benefit of the general public and must be widely accessible to the general public at large and not for small and exclusive groups.

If the sole or principal object of a PBO remains the carrying on of one or more approved PBAs, an approved PBO may carry on certain trading or business activities within specific limits without losing its preferential tax treatment. These permissible trading activities include activities of an occasional nature, provided they are carried on with voluntary assistance. This will for example include fund raising activities such as fetes, jumble sales, gala dinners etc.

An organisation that carries out religious activities on a commercial basis for a profit will not qualify for approval and will be required to pay tax as a normal taxpaying entity. Similarly, churches which have business or commercial interests will be taxable for these trading or business activities even where the religious activities are exempt.