

Donations by Companies

1. At the instance of another natural person.
2. These donations are deemed to be made by that person.

Section 7C

1. Interest free / low interest loans granted to a trust / company by a connected person.
2. Donation tax on interest @ official interest rate.

Specific exemptions

1. For the benefit of a spouse.
2. For the benefit of a spouse under an antenuptial / postnuptial contract.
3. In contemplation of death
4. Benefit for donee arises after donor dies.
5. Refer to <56(1)> for detail (P.S this is a section to flag)

General

1. Section 54 to 64
2. Basic Principle: Tax on the transfer of wealth not income.
3. Date: Date in Contract
4. Natural person exemption = R100k
5. Company exemption = 10K

Levying

1. Tax on property donated directly / indirectly by SA residents.
2. 20% if aggregate donations < R30 million
3. 25% if aggregate donations > R30 million (only the excess @ 25%)

Calculation Steps

1. ID property disposed (in order)
2. Assess if a donation took place.
3. Assess 7C implications.
4. Consider exemptions.
5. Deduct the general exemption.
6. Apply the applicable rate. (P.S in a discussion these are your talking points)

Key Definitions

1. Property: Any right in / to property movable / immovable / corporeal / incorporeal / situated anywhere
2. Donation: Any gratuitous disposal of property <Pure liberality / disinterested benevolence



Deemed Donation

1. Property disposed for inadequate consideration.
2. Interest (@ official rate) on an interest free loan to a company where a trust holds 20% (D/ID) alone / with a related person (any beneficiary / connected person within the 2nd degree)