

# Best practice to follow when making a donation

Many South Africans are eager to support NPOs that are making a positive difference during the coronavirus pandemic. However, before making a donation, apply best practice guidance to avoid being taken advantage of by unscrupulous people looking to rip off the unwary, advises Sarah Nicholson, commercial manager of Justmoney.



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“Funding is always of great concern to NPOs as most do not have operating reserves to cushion themselves,” says Nicholson. “Many struggle to stay afloat, and their financial states have become even more uncertain. They are concerned that the companies and individuals that supported them generously in the past may be forced to cut back on their donations.”

Government has established the Solidarity Fund as the main portal for donations. It is administered by professional managers and organisations from the private sector. To make a donation, [click here](#).



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Jennilee Peremore-Oliver 21 Apr 2020



## Tax deductions

“When you contribute, remember to include your identity number, company registration, or trust number, whichever is applicable. When it is time to submit your tax documents, you can then claim a tax deduction, within Section 18a tax limits,” advises Nicholson. You may also choose to donate to an organisation that works in your own neighbourhood, or which resonates with a particular cause you support. There are over 200,000 NPOs registered in South Africa, providing services that range from helping survivors of domestic abuse to centres for early childhood development.

Keep in mind that an NPO does not automatically qualify for preferential tax treatment. This applies only if the organisation has been granted approval as a Public Benefit Organisation by the SARS Tax Exemption Unit.

“Before making a donation, check that you are giving to a reputable, well-administered NPO that is allowed to issue a tax-deductible receipt,” says Nicholson. “Despite the seriousness of the pandemic, unscrupulous people are taking advantage of the situation to rip off the unwary. There have been media reports of fraudsters posing as officials administering health tests, as well as text messaging scams.”



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## Factored in your personal finance plan

Ideally, charitable giving should be factored into your personal finance plan so that you can plan and budget properly to make the most of your donations. Some tips include:

- **Do your homework:** Carefully research the sector that interests you and check on the status and effectiveness of NPOs operating in that area.
- **Have a goal in mind:** If education is important to you, you may want to contact the advancement office of a university and join an existing scheme. Alternatively, a local community project could result in healthier or safer living conditions for residents.
- **Check your will:** Forward planning and a valid will can ensure that your estate is distributed according to your wishes and reduces the total liability for estate tax.

“Philanthropy used to be considered only relevant to high net worth individuals, but ordinary South Africans are realising that they can make a real difference in the lives of those who are less fortunate than themselves,” says Nicholson.

“When quite modest sums are combined and carefully invested, these amounts can total millions of rands that will have a powerful impact long after the pandemic is past.”

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