

## SECTION 18A THIRD PARTY DATA SUBMISSIONS BY TAX EXEMPT ENTITIES 18 APRIL 2024

### FREQUENTLY ASKED QUESTIONS

#### BACKGROUND

By **31 May 2024**, Section 18A (S18A) approved entities must provide SARS with their S18A tax deductible receipts issued to donors. This third-party data submissions (**IT3(d)**) is in terms of [Public Notice 3631](#), Government Gazette 48867 in respect of:

- All S18A approved entities that have issued S18A tax deductible receipts to their donors between **1 March 2023 and 29 February 2024**, must submit this data to SARS, by no later than 31 May 2024.
- If an approved entity has not issued any S18A receipts for the period, they must submit a NIL declaration.

Tax Exempt Institutions who are trusts, also have to comply with the **IT3(t)** requirements set out in the SARS [Business Requirements Specifications](#) regarding distributions to beneficiaries during **1 March 2023 to 29 February 2024**. This is due only **30 September 2024** in terms of [Public Notice 4051](#).

#### FAQ

##### ➤ Registration

SARS has developed a [micro-learning video](#) which advises taxpayers on how to register for the IT3 Data Submission.

The first step to register for the IT3(d) is that the S18A entities must be registered on eFiling, and the registered representative details must be updated on eFiling. Leading up to the deadline, SARS will develop more micro-learning videos to help taxpayers submit IT3(d) information. It is advisable to subscribe to SARS' YouTube channel to ensure that you are notified when new videos are released.

##### ➤ Which BRS to use and where to find it?

Importantly, entities required to submit IT3(d) third-party data for S18A deductible receipts, must read through the SARS [Business Requirements Specification](#) (BRS) document, which indicates the required information and fields.

The relevant document is now available on the SARS webpage under both the [Third Party Reporting webpage](#) and the [Tax Exempt Institutions](#) webpage.

**Version 4.0.0D-10 dated 7 October 2022** is the final version of the BRS and that is the version that should be used until it is replaced by a newer version.

➤ **What are the submission steps**

Below are the five steps to prepare the submission file, submit to SARS, and declare the data before the submission due date.

1. Prepare a data file as per the [specified BRS](#).
2. If you have not already done so, you will need to enrol for Third Party Data Submission on SARS eFiling. You may use either:
  - eFiling: Limited to 50 receipts per reporting entity
  - HTTPS: Up to 50 thousand lines or 50MB file size
  - Connect Direct: Files larger than 10MB
3. The data for HTTPS and Connect Direct has to be in a pipe-delimited file format, as per the BRS specifications.
4. Request access from [SARS Third Party Data Support](#) and test the data file on the Test Platform.
5. Once testing has been completed, S18A approved entities must submit the data on the Production Platform using your preferred channel as per step 2 above.
6. Declare a summary of your data submissions by submitting the specified declaration form via eFiling.
7. SARS will validate each file and respond to inform the Submitting Entity of the outcome of the validated file.

Additional information is available on this [SARS webpage](#).

➤ **What are the File Structure Rules?**

The file structure rules are explained in Part 5 of the BRS. It is important to note that the file structure uses Pipe Separated (Delimited) file format (**PSV**) and not Comma Separated Value file format (**CSV**). If you are using MS Excel for your file, it seems it can only save in CSV in standard settings. You must therefore convert the file before submission. This [document](#) seems to provide a solution that can be attempted at the user's own risk.

➤ **Can I issue a single S18A receipt for all donations during the year from the same donor?**

SAICA have engaged SARS to clarify how this should be addressed. Currently SARS considers that a single annual S18A receipt can be issued where multiple donations are made by the same donor in the same tax year. However, the Tax Exempt Institution must retain all records of all the individual transactions as to how and when the money flowed so that the amounts may be reconciled on audit.

➤ **What do these BRS Data fields mean?**

- **416 regular donor:** This is where organisations with monthly debit orders have a unique donor number – so instead of issuing a monthly receipt, they issue an annual receipt based on this donor entity.
- **509 Date Paid / Transferred Date Paid / Transferred:** This is the actual date of transfer or payment of the donation. For multiple donations from the same donor in the same tax year that has been aggregated and a single receipt issued, SAICA have engaged SARS to clarify how this should be addressed and it is currently considered a single receipt, so it should similarly be deemed a single payment. Most important is that the number of receipts issued to that same donor during the same tax year must equal the number of records submitted to SARS, including the same monetary values. One record can be submitted for the total value of donations made by one taxpayer in a 12-month period from March of one year to February of the next year. The value captured on that record must reconcile to the total value of all the donations received.

➤ **Can I correct or update a submission after 31 May 2024**

We encourage taxpayers to submit correct, complete and true information to SARS before the due date. However, we have confirmed with SARS that given that this is the first time this process is applied, taxpayers will be able to **update submissions** (i.e. not file late) after 31 May 2024 should they need to correct a submission.

➤ **Will my donor get a tax deduction if we don't submit the data to SARS?**

The purpose of the third-party reporting is to match the donor and the Tax Exempt Institutions record of events. SARS has advised that they are using a phased approach, based on risk mitigation. As such, data integrity concerns will be addressed as and when they arise. We will engage SARS and clarify how this process will impact donor taxpayers.

➤ **What can organisations do to prepare?**

In addition to setting up the profile for registration for IT3 third party data submissions, S18A approved organisations are encouraged to address data quality issues with donors as and when these arise and should engage with donors if incorrect or incomplete data is provided.

Ultimately, taxpayers wishing to benefit from this tax deduction will also need to take responsibility to ensure that the correct details are provided when requesting a S18A receipt. The S18A receipts should not be issued without all the relevant information having been provided by the donor. During SARS' pilot phase in 2021/22, it was noted that taxpayers were eager to provide the correct details once they understood the implications to their S18A claims if incorrect data is provided.

Unfortunately, the Department of Home Affairs has suspended their [ID verification service](#) and Tax Exempt Institutions will have to make use of private sector service providers. SAICA has

noted that CIPC uses a real time ID verification for its eServices platform and will engage SARS as to whether a similar service could be offered.

➤ **What support is available from SARS?**

SARS remains available to assist entities which require assistance with the onboarding information on submission channels/platforms and guides. Those requiring assistance may contact SARS via: [TEISegment@sars.gov.za](mailto:TEISegment@sars.gov.za). This channel has been made available to ensure that when official submission starts, taxpayers are comfortable with their ability to submit the data to SARS.

Whilst not sustainable in the long run, in the interim, smaller less resourced organisations are invited by SARS to request hands-on assistance with the onboarding process. SARS is also contacting some organisations directly to ensure timely and qualitative submissions.

SARS will also be preparing an FAQ sheet to deal with commonly asked questions. Should members wish to raise specific queries or if SARS is not responding to emails timeously, please [send us an email](#) and we will engage SARS on your behalf.