



- a PBO, remains the carrying on of a public benefit activity as listed in Part I of the Ninth Schedule to the Act;
- a recreational club, remains the provision of social and recreational facilities for its members; and
- a SBFE, remains the provision of funding for small, medium and micro-sized enterprises.

Accordingly, to the extent that 'substantially the whole' of such undertaking or activity is directed towards the recovery of costs, the receipts and accruals derived by any of the aforementioned entities from any business undertaking or trading activity will be exempt from normal tax.

In BGR 20, SARS ruled that the receipts and accruals from business undertakings and trading activities of the aforementioned entities will be exempt from normal tax, if at least 90% or more of the undertaking or activity is directed toward the recovery of costs. SARS has however made provision for leniency where 85% or more of the business undertakings or trading activities of the aforementioned entities, are directed at the recovery of costs.

BGR 20 applies from the date of issue until it is withdrawn, amended or the relevant provisions of the Act are amended.