

Tax Deduction Example

Type	Company		Individual	
Taxable Income for YEAR	R1 200 000		R340 000	
Tax Rate	28%		35%	
	No Donation	Donation	No Donation	Donation
Donation Made	R0	R180 000	R0	R20 000
Donation Deduction from Income. Limited to 10% of annual taxable income	R0	R120 000 <i>(Limit: R1 200 000 x 10% = R120 000. R180 000 > R120 000. Therefore limited to R120 000)</i>	R0	R20 000 <i>(Limit: R340 000 x 10% = R34 000. R20 000 < R34 000. Therefore FULL amount deductible)</i>
Taxable Income	R1 200 000	R1 080 000 <i>(R1 200 000 - R120 000)</i>	R340 000	R320 000 <i>(R340 000 - R20 000)</i>
Tax Payable	R336 000 <i>(R1 200 000 x 28%)</i>	R302 400 <i>(R1 080 000 x 28%)</i>	R119 000 <i>(R340 000 x 35%)</i>	R112 000 <i>(R320 000 x 35%)</i>
Tax Saving	R0	R33 600	R0	R7 000
Nett Cost of Donation	R0	R146 400 <i>(R180 000 - R33 600)</i>	R0	R13 000 <i>(R20 000 - R7 000)</i>

The table is intended to serve as an example only. The tax rates and amounts used might not be the tax rates that the individual or company will be liable for and are intended to serve as an example of possible tax savings when donations are made. We advise that you refer any tax queries to a registered tax professional.