

CLIENT GUIDE | STARTING A NON-PROFIT

Starting a Non-Profit Guide

Forming, registering and running a
South African non-profit, the right way

Nonprofit Organisations Act 71 of 1997 | Updated June 2026

Contents

Contents	2
■ About this guide	4
■ At a glance	4
■ Three different things, often confused	5
■ The three legal forms	5
■ Voluntary associations and legal personality	6
■ The non-profit company (NPC)	6
■ Who is who: members, directors, trustees and office bearers	6
■ What kind of organisation are you?	7
■ Sports clubs and federations	7
■ Choosing a name and defining your objects	8
■ The founding document	8
■ Registering with the NPO Directorate	9
■ Documents and common rejection reasons	9
■ Annual NPO compliance	10
■ Company and trust requirements	10
■ Who regulates you?	10
■ Tax: registration is not exemption	11
■ Banking, FICA and due diligence	12
■ Governance and financial controls	12
■ Funding, payroll and VAT	12
■ Before you apply for grants	12
■ Beneficial ownership, POPIA and PAIA	13
■ Accounting, statements and assurance	13
■ Sample object clauses	13
■ Worked examples	13
■ Common NPO pitfalls	14
■ Start-up checklist	14

■ Annual compliance calendar	14
■ Frequently asked questions	15
■ How we can help	15
■ Important notice	16

■ About this guide

Jansen Accountants & Auditors | Starting a Non-Profit | Updated June 2026

A practical guide to forming and registering a non-profit in South Africa, and meeting its governance, reporting and tax obligations.

Non-profits do vital work, but they sit at the intersection of three different systems: a legal form, registration with the Department of Social Development, and a separate tax-exemption approval from SARS. Getting all three right is what keeps an organisation funded, compliant and credible. This guide reflects the Nonprofit Organisations Act 71 of 1997, the Companies Act 71 of 2008, the Trust Property Control Act 57 of 1988 and the Income Tax Act 58 of 1962, as at June 2026.

How to read the boxes in this guide

A **JACC insight** explains a point plainly, a **Planning opportunity** points to something worth doing, and a **Common NPO pitfall** warns of what goes wrong. A note from our partner appears where experience matters most.

Legal requirement, or best practice?

We are careful to separate the two. Where something is a legal requirement, this guide names the Act and the section that imposes it. Where we simply recommend an approach, we say so. Good governance and best practice are valuable, and often expected by funders, but they are not, in themselves, the law.

Professional disclaimer

This guide does not constitute personal, legal or tax advice. The right structure and registrations depend on your mission, members, funders and activities. Plan it with us before registering.

■ At a glance

Forms, registrations and statuses

Three of these are legal structures, the rest are registrations or tax statuses you apply for separately.

VA Voluntary association	NPC Non-profit company	Trust Non-profit trust	DSD NPO registration
s30 PBO (tax-exempt)	s30A Recreational club	s30B Member association	s18A Donor deductions

■ Three different things, often confused

Form, registration and exemption

The single most important idea in this guide: a non-profit's legal form, its NPO registration, and its tax exemption are three separate things. You can have one without the others, and you usually apply for each on its own.

The three layers	What it is	Granted by
Legal form	The legal vehicle: a voluntary association, a non-profit company, or a trust.	CIPC (NPC), the Master (trust), or your members (association)
NPO registration	A registration that gives you an NPO number, valued by funders.	Department of Social Development (NPO Directorate)
Tax exemption	Approval that exempts the organisation from income tax, and may allow section 18A.	SARS Tax Exemption Unit

Charlton's insight

Clients constantly assume that registering as an NPO makes them tax-exempt. It does not. NPO registration is a Social Development matter; tax exemption is a separate SARS approval. An organisation can be a registered NPO and still be fully taxable until SARS approves it. Keep the three layers clear and you avoid most of the trouble.

■ The three legal forms

Choosing your vehicle

Form	Governed by	Best for
Voluntary association	Common law, with a constitution	Smaller clubs and community groups; quick and cheap. A separate legal person only if the constitution provides for it.
Non-profit company (NPC)	Companies Act 71 of 2008	Larger or funded organisations; a separate legal person, registered with CIPC, with strong governance.
Non-profit trust	Trust Property Control Act 57 of 1988	Holding and applying funds for a cause; registered with the Master, run by trustees.

See also: *Our JACC South African Trust Guide for how a non-profit trust is set up and run.*

Which legal form?

- 1 Receiving grants or running programmes?** a non-profit company (NPC) is usually best: legal personality and credibility with funders.
- 2 A small members' club?** a voluntary association drafted as a universitas may be enough.
- 3 Holding and applying funds for a cause?** a non-profit trust, run by trustees under the Master.

■ Voluntary associations and legal personality

An important distinction

Voluntary associations are the most common and the least understood form. There are really three positions:

- An unregistered, informal association has no separate legal personality. Its members can be personally exposed, and it cannot own property or sue in its own name.
- An association drafted as a universitas has legal personality, as recognised by South African common law: a constitution giving it perpetual succession and the ability to hold property and contract separately from its members. This is what a proper club constitution should achieve.
- A registered NPO is a separate matter again. Registration under the NPO Act does not by itself confer legal personality, but to register, the constitution must provide for body-corporate status under section 12(2)(d). Registration brings the NPO number and the reporting duties, not, on its own, the legal personality.

JACC insight

The practical lesson: draft the association's constitution as a universitas so it has its own legal personality, and register it as an NPO for funding credibility. The two do different jobs.

■ The non-profit company (NPC)

Companies Act 71 of 2008

A non-profit company is not simply an ordinary company that makes no profit. Under the Companies Act 71 of 2008 it is a distinct type of company that must have at least three incorporators and at least three directors. Its income and property may not be distributed to its incorporators, members, directors, officers or persons related to them, except as reasonable remuneration for services rendered. It is registered with CIPC under a Memorandum of Incorporation setting out its non-profit objects, and on dissolution its assets must pass to another non-profit body.

■ Who is who: members, directors, trustees and office bearers

The people, by structure

The terms for the people who run a non-profit differ by structure, and they are constantly confused. Who holds office, and what they are called, depends on the form:

Structure	The people, and what they are called
Non-profit company (NPC)	Members (if it has any) and directors, who govern and are accountable under the Companies Act; officers carry out functions. Directors owe fiduciary duties.
Voluntary association	Members, who elect a managing committee, usually with a chairperson, secretary and treasurer as office bearers.
Trust	A founder who establishes it, trustees who administer it, and beneficiaries who may benefit. Trustees owe fiduciary duties and must act jointly.

JACC insight

Whatever the label, the people in control owe duties of good faith and care, and may not benefit improperly. The duty matters more than the title.

■ What kind of organisation are you?

Sector types and what they usually become

The sector you operate in points to the likely legal form and, importantly, the likely tax category. These are typical patterns, not rules:

Sector	Common legal form	Likely tax category
Welfare, community (CBO), faith-based (FBO), NGO	NPC or voluntary association	PBO (section 30)
Sports and social clubs (members)	Voluntary association	Recreational club (section 30A)
Federations, leagues and member bodies	NPC or association	Member association (section 30B)
Industry, professional and trade bodies	NPC or association	Section 30B body
Schools, ECD centres, education bodies	NPC or trust	PBO (section 30), activity-dependent
Churches and religious organisations	Voluntary association or trust	PBO (section 30)
Grant-funded project organisations	NPC	PBO (section 30)

JACC insight

Not every non-profit should apply as a PBO. A members' sports club is usually a recreational club under section 30A, an industry body falls under section 30B, and only public-benefit work qualifies as a PBO under section 30. Choosing the wrong category causes a rejected application and wasted time.

■ Sports clubs and federations

A sector we know well

Sport is organised as a pyramid, and each level can be a separate legal body with its own registration and tax status. This matters, because a club and a federation are not taxed the same way:

- A club is usually a voluntary association (a universitas), and for tax a recreational club under section 30A, serving its members.
- Local and regional associations co-ordinate clubs in an area; they are often associations or NPCs, and for tax usually section 30B member bodies.
- Provincial and national federations govern the sport; they are typically NPCs, and may be section 30B bodies, or PBOs under section 30 where they carry on genuine public benefit work such as development programmes.
- Any of these can register as an NPO for funding, and a development arm doing public benefit work may qualify as a PBO and even for section 18A.

Charlton's insight

This is an area we genuinely know, from serving local football and disability sport. The common mistake is for a club or association to apply as a PBO when it is really a recreational club or a member body. We map the right structure and tax category for each level of the pyramid.

■ Choosing a name and defining your objects

Two early decisions shape everything that follows. The name must be available (and is reserved with CIPC for an NPC), and the objects must be drafted carefully, because they determine which tax category you qualify for. Vague or commercial-sounding objects are a frequent reason a tax-exemption application fails. Draft the objects to match the public benefit activity or category you intend to claim.

■ The founding document

Section 12 of the NPO Act

To register as an NPO, the founding document must address the matters set out in section 12(2) of the Nonprofit Organisations Act 71 of 1997. Where the organisation is established under another law that already provides for these matters, such as the Companies Act for an NPC or the Trust Property Control Act for a trust, that law applies instead. The section 12(2) requirements are:

Section 12(2)	The constitution must
(a) Name	state the organisation's name
(b) Objectives	state its main and ancillary objectives
(c) Non-distribution	state that income and property are not distributable to members or office-bearers, except as reasonable compensation for services rendered
(d) Body corporate	provide that it is a body corporate with an identity distinct from its members and office-bearers
(e) Continued existence	provide for continued existence despite changes in membership or office-bearers
(f) No rights in assets	ensure members and office-bearers have no rights in the assets solely by virtue of their position
(g) Powers	specify the powers of the organisation
(h) Governance	specify the organisational structures and governance mechanisms
(i) Meetings	set out rules for convening and conducting meetings, including quorums and minutes
(j) Decisions	determine the manner in which decisions are made
(k) Banking	provide that financial transactions are conducted through a bank account
(l) Year-end	determine the financial year-end
(m) Amendment	set out a procedure for changing the constitution
(n) Winding up	set out a procedure for winding up or dissolution
(o) Assets on dissolution	provide that remaining assets, after liabilities, transfer to another NPO with similar objectives

Section 12(3) lists further matters the constitution may include, such as membership qualifications and fees, the appointment and removal of office bearers, and a clause protecting office bearers from personal liability for good-faith acts. These are optional for registration, but sound to include.

Section 12 applies primarily to constitutions submitted for NPO registration. An NPC or a trust, already governed by the Companies Act 71 of 2008 or the Trust Property Control Act 57 of 1988, generally satisfies many of these matters through its own founding document.

Common NPO pitfall

Clauses (c) non-distribution and (o) transfer of assets on dissolution are the two that most often sink an application. Both the Directorate and SARS look for them specifically. Have the founding document professionally drafted to carry them correctly from the start.

JACC insight

For tax exemption as a PBO, section 30(3) of the Income Tax Act 58 of 1962 requires similar non-distribution and dissolution clauses. Aligning the founding document to both the NPO Act and section 30 from the outset avoids having to re-draft later.

■ Registering with the NPO Directorate

Section 13 of the NPO Act

Registration is with the NPO Directorate at the Department of Social Development, and is open to NGOs, community-based and faith-based organisations and others, including voluntary associations, trusts and NPCs. It is voluntary, but most funders, government departments and corporate donors require an NPO number before they will give money.

The DSD registration process

- 1** **Submit the application** on the prescribed form, properly completed, with two copies of the constitution and any other required information.
- 2** **The Directorate considers it** and must decide within two months of a complete application.
- 3** **If something is missing** the Directorate gives written reasons and one month to comply (extendable on good cause).
- 4** **Registration, or appeal** if the application is approved, you receive a certificate and an NPO number; if it is refused, you may appeal to an arbitration tribunal within one month (section 14).

■ Documents and common rejection reasons

What you submit

- The prescribed application form, fully completed.
- Two copies of the founding document (constitution, MOI or trust deed).
- Office bearers' details, and a physical address for service.
- Any further information the Directorate requests.

Why applications are commonly rejected

- A founding document missing the non-distribution or dissolution clauses.
- Objects that are vague, commercial, or not genuinely non-profit.
- Incomplete office-bearer details or no address for service.
- Fewer office bearers than the founding document or good governance requires.

■ Annual NPO compliance

Sections 17 and 18 of the NPO Act

Registration brings ongoing duties under sections 16 to 23 of the NPO Act. A registered NPO must:

- Keep proper accounting records of income, expenditure, assets and liabilities.
- Draw up financial statements within six months of its financial year-end, including an income and expenditure statement and a balance sheet (section 17).
- Within two months of drawing up the statements, where the Act so requires, obtain a written accounting officer's report confirming the statements agree to the records and that the Act and constitution have been complied with on financial matters (section 17).
- Submit to the Directorate, within nine months of year-end, a narrative report of activities together with the financial statements and the accounting officer's report (section 18).
- Notify the Directorate of any change of office bearers within one month, and of any change of address before it takes effect.

Common NPO pitfall

Deregistration for non-reporting is common. The chain is six months to prepare the statements, two months for the accounting officer's report, and nine months in total to submit. Diarise it from day one, because losing NPO status can cost you funding.

■ Company and trust requirements

CIPC and the Master

Your legal form carries its own obligations alongside the NPO Act:

- An NPC must file an annual return with CIPC, lodge its beneficial ownership information, and keep its directors and records current.
- A non-profit trust is administered by trustees who carry Letters of Authority from the Master, and must keep its beneficial ownership register with the Master.
- A voluntary association is governed by its constitution and its members, with no separate registrar beyond the NPO Directorate.

■ Who regulates you?

Usually more than one regulator

A non-profit often answers to several regulators at once, depending on its form and activities. Knowing who they are avoids missed obligations:

Regulator	What for
CIPC	Registration and annual returns of a non-profit company.
Master of the High Court	Authority and oversight of a non-profit trust.
NPO Directorate (Social Development)	NPO registration and the annual reports.
SARS	Income tax exemption, section 18A, VAT, and PAYE where you employ staff.
Department of Employment and Labour	UIF and labour matters where there are employees.

Regulator	What for
Financial Intelligence Centre	Anti-money-laundering and beneficial-ownership context.
Municipality	Rates, zoning and local licensing for premises or events.
National Lotteries Commission	Where you apply for or receive lottery funding.
The relevant SETA	Where you claim skills levies or run learnerships.

■ Tax: registration is not exemption

The SARS categories

Income tax exemption is a separate approval from SARS, and there is more than one category. The right one depends on what the organisation is and does:

Which tax category fits you?

- 1 **Public benefit work?** welfare, education, health, religion or conservation: apply as a PBO under section 30.
- 2 **A members' club?** a sports or social club for its members: a recreational club under section 30A.
- 3 **A member or industry body?** an association not for gain, or a professional or trade body: section 30B.
- 4 **Funding small businesses?** a small business funding entity under section 30C.

Tax category	Approved under	Exempt under	Typical body
Public Benefit Organisation	Section 30	Section 10(1)(cN)	Welfare, education, health, religious and similar charities
Recreational club	Section 30A	Section 10(1)(cO)	Members' sports and social clubs
Membership association	Section 30B	Section 10(1)(d)(iii) or (iv)	Associations not for gain (iii); professional, trade and industry bodies (iv)
Small business funding entity	Section 30C	Section 10(1)(cQ)	Entities that fund small businesses
Body corporate / HOA	(statutory)	Section 10(1)(e)	Not an NPO structure; shown only because it is often confused with exempt bodies

All exempt organisations file an annual income tax return for exempt institutions (the IT12EI). Without an approval, a non-profit is taxed like any other entity.

JACC insight

Section 18A, which lets donors deduct their donations, is a further, separate approval available only to qualifying public benefit organisations. We cover PBO approval and section 18A in detail in our separate JACC PBO & Section 18A guide.

■ Banking, FICA and due diligence

Open a bank account in the organisation's name and keep its money entirely separate from any individual's. We recommend at least two signatories as good practice, though this is not a legal requirement in itself. Banks are accountable institutions under the Financial Intelligence Centre Act 38 of 2001 and must perform customer due diligence, so expect to provide the founding document, the NPO and tax registration details, and identification and beneficial-ownership information for the office bearers before the account is opened.

■ Governance and financial controls

Recommended best practice, not legal minimums

Beyond what the law strictly requires, the following are sound governance. They are not, in themselves, legal requirements, but they protect the committee and the organisation, and funders increasingly expect them:

- A board or committee that meets regularly and keeps minutes.
- Segregation of duties over money, so no one person controls it all.
- Two approvals and two signatories for payments.
- A conflict-of-interest policy and a register of interests.
- A budget approved by the board.

King IV is a voluntary governance code, applied on an apply-and-explain basis. Scale it to your organisation's size; it is guidance, not legislation.

■ Funding, payroll and VAT

- Donor-restricted funds: where a donor attaches conditions, you are contractually bound to use the money only for that purpose. Tracking restricted funds separately is best practice, and usually required by the grant agreement, rather than by statute.
- Employees: if the organisation pays staff, it must withhold PAYE under the Fourth Schedule to the Income Tax Act 58 of 1962, contribute UIF under the Unemployment Insurance Contributions Act 4 of 2002, and pay SDL under the Skills Development Levies Act 9 of 1999 where the annual payroll exceeds R500 000, submitting the EMP201 and EMP501. Genuine volunteers are not employees.
- VAT: if taxable supplies exceed the registration threshold, the organisation must register for and account for VAT under the Value-Added Tax Act 89 of 1991, even though it is income-tax exempt.
- Income-tax exemption does not remove VAT or payroll tax obligations.

■ Before you apply for grants

What funders ask for

Most funders ask for the same things. Have these ready before you apply, and your applications go faster and further:

- An NPO number from the Directorate.
- A bank account in the organisation's name.
- Recent annual financial statements.
- A clear governance structure and an active committee or board.
- A conflict-of-interest policy and register.
- A budget approved by the board.

- A focused project proposal with outcomes you can report on.
- Where relevant, PBO and section 18A status, so corporate donors can claim their donations.

■ Beneficial ownership, POPIA and PAIA

An NPC keeps and files its beneficial ownership register under the Companies Act 71 of 2008, while a non-profit trust lodges its register with the Master under the Trust Property Control Act 57 of 1988 — each under the legislation applicable to its form. If the organisation handles personal information of donors, beneficiaries or members, the Protection of Personal Information Act 4 of 2013 applies, and it must have a PAIA manual under the Promotion of Access to Information Act 2 of 2000. These are legal obligations, not optional extras.

■ Accounting, statements and assurance

A registered NPO must keep accounting records and prepare financial statements and, where required by the Nonprofit Organisations Act 71 of 1997, obtain an accounting officer's report (section 17). An NPC's assurance level, an independent review or an audit, is set by the Companies Act 71 of 2008 and its regulations, based on the public interest score. Beyond these legal minimums, many funders require an independent review or audit as a condition of funding, which is contractual rather than statutory. We advise on the right level and perform the engagement.

■ Sample object clauses

Drafting your objects to fit the category

Your objects must match the tax category you intend to claim, which is why drafting matters. These are illustrative one-line examples only; we draft the full clauses for your circumstances:

- Feeding scheme (PBO): to provide food and basic nutrition to indigent persons in the community.
- Sports club (section 30A): to provide social and recreational amenities and sporting facilities for the members of the club.
- Church (PBO): to promote and advance religion through worship, religious education and community outreach.
- Federation or league (section 30B): to co-ordinate, promote and govern its affiliated member clubs and their sport.
- Industry body (section 30B): to promote the common interests of persons carrying on the trade, and to set and maintain industry standards.

■ Worked examples

The taxonomy in practice

A community feeding scheme

Legal form: a non-profit company (NPC), for credibility with funders and limited liability.

Registration: registered as an NPO for the NPO number that funders require.

Tax: applies as a Public Benefit Organisation under section 30, and for section 18A so donors can deduct gifts.

A neighbourhood sports club

Legal form: a voluntary association with a sound constitution.

Registration: registered as an NPO if it seeks municipal or lottery funding.

Tax: a recreational club under section 30A, not a PBO, and not eligible for section 18A.

An industry association

Legal form: an NPC or an association not for gain.

Registration: NPO registration is optional and often not pursued.

Tax: a membership association under section 30B, not a PBO, with no section 18A.

Common NPO pitfalls

- Assuming NPO registration means tax exemption; it does not.
- Applying as a PBO when the body is really a recreational club or a member association.
- A founding document missing the non-distribution or dissolution clauses.
- Missing the nine-month NPO reporting deadline and being deregistered.
- One person handling all the money, with no segregation of duties.
- Forgetting VAT or PAYE because the organisation is income-tax exempt.
- Spending restricted donor funds outside their conditions.

Start-up checklist

- Decide the legal form (association, NPC or trust).
- Choose and reserve the name; draft the objects to match the tax category.
- Prepare a founding document with the required clauses.
- Register the legal entity (CIPC for an NPC, the Master for a trust).
- Register as an NPO with the Directorate for the NPO number.
- Apply to SARS for the correct tax-exemption category, and section 18A if eligible.
- Open a bank account with two signatories and complete FICA.
- Put governance, a budget and financial controls in place.
- Register for PAYE and VAT if applicable.

Annual compliance calendar

Obligation	Applies to	When
Financial statements (s17)	Registered NPOs	Within 6 months of year-end
Accounting officer's report (s17)	Registered NPOs	Within 2 months of the statements
NPO narrative + financial report (s18)	Registered NPOs	Within 9 months of year-end
Office-bearer, address or constitution changes	Registered NPOs	Office bearers within 1 month; address before it changes; constitution changes notified
IT12EI income tax return	Approved exempt bodies	Annually

Obligation	Applies to	When
IT3(d) data	Section 18A PBOs	Annually
CIPC annual return + beneficial ownership	NPCs	On the registration anniversary
EMP201 / EMP501	Employers	Monthly / twice a year
VAT201	VAT-registered bodies	Per the VAT cycle

Frequently asked questions

Is my NPO automatically tax-exempt?

No. NPO registration is with Social Development; tax exemption is a separate SARS approval, in the correct category for your organisation.

We are a sports club. Should we apply as a PBO?

Usually not. A members' club is generally a recreational club under section 30A. PBO status is for public benefit work.

Which form should we use?

For funded organisations, usually an NPC. For a small club, a voluntary association may be enough. We help you choose.

Do we still pay PAYE and VAT if we are exempt?

Yes. Income-tax exemption does not remove payroll taxes or VAT where they apply.

How long does registration take?

The Directorate must decide within two months of a complete application; SARS exemption is separate and takes additional time.

How we can help

Jansen Accountants & Auditors

We are a Cape Town firm of chartered accountants and registered auditors, and registered tax practitioners. We help clients get this right the first time, and fix it when it has gone wrong.

- Choosing the structure, and drafting founding documents that pass DSD and SARS.
- NPC registration, non-profit trusts and NPO Directorate registration.
- SARS tax-exemption applications across all categories, and section 18A.
- Non-profit accounting, accounting officer reports, independent reviews and audits.



Talk to us.

Book a consultation at www.jacc.co.za, call +27 21 554 3482, or email info@jacc.co.za.

■ Important notice

This guide does not constitute personal advice. It is general information based on South African law and practice as at June 2026, and must not be relied on as advice. Outcomes depend on the specific facts, and the law and regulatory practice change. Jansen Accountants & Auditors Inc accepts no liability for any loss arising from reliance on this guide. Obtain advice specific to your circumstances before acting.

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