

## Understanding Donations and Sponsorships

	DONATION	SPONSORSHIP
<b>Contributor</b>	Donor	Sponsor
<b>Examples of Contributors</b>	Individuals Trusts and Foundations Corporate CSI departments	Corporate HR Departments Corporate Marketing Departments
<b>Description</b>	Donations are 'gifts' for which no return is or should be asked or given, and can only generate a strictly limited level of benefits.  If there are no conditions to the donations, they are <i>bona fida</i> donations.	Cash sponsorship is the payment of money by a business for the purpose of promoting the business's name, products or services. Sponsorship may also be in kind – products, time or services.  Sponsorships form part of a business's general HR, promotional or marketing spend and may encompass elements of corporate or social investment.
<b>Nature of Transaction</b>	<ul style="list-style-type: none"> <li>• Philanthropic (<i>bona fida</i> gift)</li> <li>• No <i>quid pro quo</i> (i.e. no reciprocity such as commercial value for the donor)</li> </ul>	Reciprocity i.e. the sponsor expects something in return, for example: <ul style="list-style-type: none"> <li>• Naming opportunity</li> <li>• Visibility to a target audience</li> <li>• Marketing and contact opportunities</li> <li>• Intellectual Property or output of research conducted</li> <li>• HR Talent Pipeline</li> </ul>
<b>Benefits to Contributor</b>	<ul style="list-style-type: none"> <li>• Tax rebate certificate according to Section 18A of the Income Tax Act as amended</li> <li>• B-BBEE credits</li> <li>• Possibility of Naming in Recognition of substantial contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Skills development</li> <li>• B-BBEE credits</li> <li>• Tax benefit</li> </ul> <p>Sponsorships are not <i>bona fida</i> gifts and are not eligible for tax rebate certificates.</p>