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**NOTICE TO ALL GROWERS**

**150% TAX DEDUCTION ON RESEARCH AND DEVELOPMENT PORTION OF CGA LEVY**

The South African Revenue Service (SARS) has issued a Binding Class Ruling, regarding section 11D of the Income Tax Act, that allows members of the CGA to claim a 150% tax deduction on the portion of the levy that is used to fund research and development.

When completing their tax return members can reduce their taxable income by claiming 150% of the research and development portion of their CGA levy as a tax deduction.

The 150% deduction can be claimed retrospectively to the 2 November 2006. However, we suggest that growers consult with their accountants or tax consultants on the correct process to follow to claim the additional deduction for prior years.

In order to assist members in claiming this deduction we have provided the following:

- A copy of the Binding Class Ruling: BCR 6
- A copy of the excerpt from Government Gazette showing that the CGA levy is statutory
- A table (below) showing the percentage of the levy that was spent on research and development each financial year since 2006. Members can use these percentages to calculate the additional deduction they can claim from SARS.

<b>AMOUNTS SPENT ON RESEARCH AND DEVELOPMENT BY THE CGA</b>			
<b><u>YEAR</u></b>	<b><u>TOTAL LEVY</u></b>	<b><u>R &amp; D SPEND</u></b>	<b><u>% OF LEVY</u></b>
2006 / 2007	22,794,771.00	13,483,446.00	59
2007 / 2008	28,606,581.00	16,000,000.00	56
2008 / 2009	29,395,579.00	25,458,173.00	87
2009 / 2010	33,090,377.00	19,870,000.00	60
2010 / 2011	37,932,885.00	21,921,647.00	58

Each year the CGA will provide to growers the percentage spent on research and development so that they can claim the additional deduction on this portion of the levy.

Should you require any further information regarding the above, please do not hesitate to contact Robert Miller at the CGA offices.