Newsletter – June 2026

Newsletter for the month of June 2026 from the pen of Jaco Fouché, CEO in Midnight Moon Accounting – your partner to your company's financial success.

Legislation & Tax Advisory Update

Donations, Sponsorships and Tax Deductions – Are You Receiving the Tax Benefit You Expect?

Many business owners support worthy causes throughout the year, whether through donations to charities, school fundraisers, community projects, or enterprise development initiatives. However, a common misconception is that every contribution automatically qualifies for a tax deduction.

Recent discussions within the tax profession have highlighted the importance of distinguishing between a **true donation**, a **sponsorship**, and a **business-related contribution**. The tax treatment can differ significantly depending on what the business receives in return.

> **Our advice to clients:** Before making a contribution, ask a simple question:
>
> "Am I giving this money with no expectation of benefit, or is my business receiving something in return?"

If your business receives advertising exposure, branding opportunities, BEE scorecard benefits, promotional rights, or any other measurable benefit, SARS may not view the payment as a donation. Instead, it could be treated as a **business expense** or sponsorship, which requires different tax treatment.

For contributions to qualify for a **Section 18A tax deduction**, the recipient organisation must be appropriately approved by SARS and able to issue a valid **Section 18A certificate**. Even then, deductions are generally limited to 10% of taxable income for the year.

Why this matters for your business

We often see business owners making generous contributions with the expectation of a tax benefit, only to discover later that the documentation or structure of the contribution does not meet SARS requirements. A short discussion before making the payment can prevent costly surprises and ensure that your generosity is aligned with both your business goals and tax compliance obligations.

Midnight Moon Advisory Tip:

Before making any significant donation, sponsorship, or community investment, speak to us first. We can help you structure the contribution correctly, maximise any available tax benefits, and ensure the required documentation is in place from day one.

Client Question of the Month

Should I Buy My Vehicle in My Business or in My Personal Name?

One of the most common questions we receive from business owners is:

> "*I use my vehicle mostly for business travel, but I also use it privately from time to time. Should I buy it through my company or in my own name?"*

As with most tax decisions, the answer depends on how the vehicle will be used, but for business owners who spend the majority of their time travelling for business purposes, purchasing the vehicle through the company can often make financial sense.

When a vehicle is owned by the business, the company can generally claim the related running costs, including fuel, maintenance, insurance, licence fees and qualifying wear-and-tear allowances on the vehicle. This can reduce the company's taxable income and improve overall tax efficiency.

There are also broader business benefits. The vehicle becomes an asset on the company's balance sheet, while any finance agreement creates a corresponding liability. Although debt should always be managed responsibly, maintaining and servicing vehicle finance through the business can contribute positively to the company's credit profile and financial track record.

However, many business owners overlook the other side of the equation.

If the company owns the vehicle and the owner or employee uses it for personal trips, SARS regards this as a fringe benefit. This means a taxable benefit will be reflected on the employee's payslip each month, increasing PAYE deductions during the year.

This is where good record-keeping becomes important.

By maintaining an accurate logbook that separates business and private travel, we can calculate the actual business-use percentage when your annual tax return is submitted. In many cases, this allows us to reduce the taxable fringe benefit and recover a portion of the tax that was paid during the year.

Our advice: If the vehicle will be used predominantly for business travel, company ownership is often the more beneficial route. The tax savings, expense deductions, asset growth and business credit history can outweigh the fringe benefit implications. The key is ensuring that a proper logbook is maintained from day one.

Midnight Moon Advisory Tip:
Before signing a vehicle finance agreement, let us run the numbers for both options. A short tax planning discussion can help you avoid an expensive decision and ensure the vehicle structure supports both your personal and business financial goals.

Important Deadlines & Reminders

Compliance is More Than Meeting a Deadline
As we move into June, many businesses are preparing for their VAT submissions. While most business owners understand that returns need to be submitted on time, the real risk is often underestimated.

A missed deadline is rarely just a penalty from SARS. It can trigger a chain reaction of cash flow pressure, unnecessary interest charges, compliance risks and additional administrative work that distracts you from running your business.

This month, we encourage clients to focus on three areas:

Focus Area	Why It Matters
VAT Returns	Late VAT submissions can result in penalties and interest, but more importantly, they can affect cash flow planning and create avoidable stress when SARS follows up.
PAYE, UIF and SDL	Payroll taxes are regarded by SARS as high-priority compliance obligations. Consistent late submissions can increase scrutiny and lead to unnecessary compliance reviews.
Monthly Financial Records	Businesses that submit records late often lose the opportunity to identify cash flow concerns, tax risks and profitability issues before they become problems.

Our advice this month:
Don't think of compliance deadlines as SARS requirements. Think of them as business health checks.
The businesses that stay ahead of their tax and accounting obligations are usually the same businesses that make better financial decisions, have fewer cash flow surprises, and experience less stress during audits and year-end processes.

Midnight Moon Advisory Tip:
If you have not yet submitted your May information to our office, now is the time. The earlier we receive your records, the more opportunity we have to identify tax savings, correct errors, and help you plan for any tax payments before they become a last-minute surprise.

Closing Note from Jaco

As we move through the middle of the year, I encourage every business owner to take a step back and look beyond compliance. Tax returns, VAT submissions and financial statements are important, but they are ultimately tools to help you make better business decisions.

The questions we have discussed this month—from structuring vehicle ownership correctly to staying ahead of compliance deadlines—highlight a simple truth: the best financial decisions are usually made before a problem arises, not after.

Our goal at Midnight Moon Accounting is not only to help you stay compliant, but to help you build a stronger, more sustainable business.

Thank you for your continued trust and partnership.

Warm regards,

Jaco Fouché

CEO | Midnight Moon Accounting

Thank you for being part of our journey. For more updates and support, visit us at www.midnightmoon.co.za, call us at **011 568 8346**, or connect with us on Facebook at **Midnight Moon Accounting.**

Midnight Moon Accounting – Accounting made simple, Business made stronger.

Quote of the Month

"Success is not just measured by what we achieve, but by what we contribute."