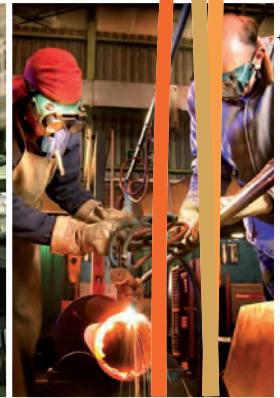


A Guide to **the dti** Incentive Schemes 2012/13



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA





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the dti Campus
77 Meintjies Street
Sunnyside
Pretoria
0002

the dti
Private Bag X84
Pretoria
0001

the dti Customer Contact Centre: 0861 843 384

the dti Website: www.thedti.gov.za

Important Note: All incentive schemes on offer by the **the dti** have their own specific guidelines and qualifying criteria. Please consult these before making any enquiries or decisions. Guidelines, application forms and further information about **the dti**'s many incentive offerings are available via **the dti** website (www.thedti.gov.za) and can also be obtained from the various administrative offices at **the dti** Campus.





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Introduction

Vision

“A dynamic industrial, globally competitive South African economy, characterised by inclusive growth and development, decent employment and equity, built on the full potential of all citizens.”

Mission

the dti's Mission is to:

- Promote structural transformation, towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development;
- Broaden participation in the economy to strengthen economic development; and
- Continually improve the skills and capabilities of **the dti** to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens.



Strategic Objectives

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation.
- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives.
- Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth.
- Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner.
- Promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

Financial Assistance (Incentives)

In an effort to increase industrial competitiveness and broaden the participation of enterprises in the economy, **the dti** provides financial support to qualifying companies in various sectors of the economy. Financial support is offered for various economic activities, including manufacturing, business competitiveness, export development and market access, as well as foreign direct investment.





Section 1: Small, Micro- and Medium-sized Enterprises (SMME) Development Incentives



Black Business Supplier Development Programme (BBSDP)

BBSDP is a cost-sharing grant offered to small black-owned enterprises to assist them to improve their competitiveness and sustainability in order to become part of the mainstream economy and create employment. BBSDP provides a grant to a maximum of R1 000 000 (R800 000 maximum for tools, machinery and equipment and R200 000 maximum for eligible enterprises to improve their corporate governance, management, marketing, productivity and use of modern technology).



Eligible Enterprises

- Majority black-owned enterprises with a predominantly black management team;
- Enterprises with a turnover of R250 000 to R35 million per year; and
- The enterprise must have been operating and trading for at least one year.

Objectives

- To improve the sustainability of black-owned enterprises, thereby increasing employment.

Benefits

- R800 000 for tools, machinery and equipment on a 50:50 cost-sharing basis (contribution by **the dti**) = 50%; contribution by the enterprise = 50%); and
- R200 000 for business development services on an 80:20 cost-sharing basis.



Co-operative Incentive Scheme (CIS)

The Co-operative Incentive Scheme (CIS) is a 90:10 matching cash grant for registered primary co-operatives (a primary co-operative consists of five or more members who are historically disadvantaged individuals). The CIS is an incentive for co-operative enterprises in the emerging economy to acquire competitive business development services, and the maximum grant that can be offered to one co-operative entity under the scheme is R350 000.

Objectives

- Promote co-operatives through the provision of a matching grant;
- Improve the viability and competitiveness of co-operative enterprises by lowering the cost of doing business;
- Assist co-operatives to acquire their start-up requirements;
- Build an initial asset base for emerging co-operatives to enable them to leverage other support; and
- Provide an incentive that supports broad-based black economic empowerment.





Eligible entities

- Incorporated and registered in South Africa in terms of the Co-operatives Act of 2005 (Act No. 14 as amended);
- Operating or will operate in the emerging sector;
- Adhere to co-operatives principles;
- Emerging co-operatives owned by historically disadvantaged individuals;
- Rural and semi-urban based; and
- Biased towards women, youth and people with disability.

Eligible Activities

- Business development services;
- Business profile development;
- Feasibility studies/market research;
- Production efficiency;
- Technological improvement projects;
- Plants and machinery;
- Start-up requirements; and
- Working capital requirements.



The Technology and Human Resources for Industry Programme (THRIP)

THRIP is a partnership programme funded by **the dti** and managed by the National Research Foundation (NRF). On a cost-sharing basis with industry, THRIP supports science, engineering and technology research collaborations focused on addressing the technology needs of participating firms and encouraging the development and mobility of research personnel and students among participating organisations.

Incubation Support Programme (ISP)

the dti initiated the ISP as a grant to develop incubators into successful enterprises with the potential to revitalise communities and strengthen local and national economies. The ISP encourages partnerships in which big business assists SMMEs with skills transfer, enterprise development, supplier development and marketing opportunities.





Programme Description

- The objective of the programme is to encourage private-sector partnerships with Government to support incubators to develop SMMEs and nurture them into sustainable enterprises that can provide employment and contribute to economic growth;
- The programme aims to provide funding for incubators that can generate revenue through the provision of services and initiatives that can be self-sustainable;
- The ISP will be available on a cost-sharing basis between the Government and private sector partner(s). It is available for infrastructure and business development services necessary to mentor and grow enterprises to ensure that within two to three years they will graduate to a level of self-sustainability by providing products and services to the market; and
- The programme is effective from 1 September 2012 to 31 March 2022.

Qualifying Costs

The following costs are eligible for support:

- Business development services (e.g. business advisory services, coaching and mentoring, training, facilitation of funding, production efficiency and improvement, quality and standards acquisition);
- Market access;
- Machinery, equipment and tools;
- Infrastructure linked to incubators (buildings, furniture);





- Feasibility studies for establishing and expanding incubators;
- Product or service development;
- Information and Communication Technology (ICT); and
- Operational costs.

The Adjudication Panel may consider for support any other costs related to the activities of the incubator.

Grant Support

- The grant approval will be based on projections for the first year at application stage whereas the approval for subsequent years will be dependent on the review of the actual performance of the preceding year against agreed milestones;
- All payments will be made directly to the incubator's primary account;
- The grant approval is capped at a maximum of R10 million (VAT inclusive) per financial year over a three-year period and is subject to the availability of funds;
- The ISP offers a cost-sharing support of 50:50 for large businesses and 40:60 for SMMEs; and
- After the three-year period, applicants may apply for assistance for an additional three years and must comply with the guidelines of the ISP.

Eligibility Criteria

The applicant must either be:

- A registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 (as amended); or





- The Co-operatives Act, 2005 (as amended); or
- Be a registered higher or further education institution; or
- Be a licensed and/or registered science council.
 - » The programme is available to applicants that want to establish new incubators or wish to grow and expand existing ones;
 - » The supported incubator may either offer physical and/or virtual incubation support services; and
 - » The incubator to be supported may be a corporate incubator; a private investor's incubator; an academic or research institution incubator in partnership with industry, and must be focused on establishing and/or growing enterprises that will graduate to sustainable enterprises.
- Applicants are welcome to contact **the dti** directly or appointed business support agencies in the provinces for assistance with the application process; and
- Applicants must submit a proposal to **the dti** outlining the objectives of the project and demonstrate how the incubator would function and be sustainable over time.

Proposals must be submitted to the Incubation Support Programme Secretariat at **the dti**.



Section 2: Industrial Development-Related Incentives

Business Process Services (BPS) Incentive

The South African Government implemented a Business Process Outsourcing and Offshoring (BPO&O) incentive programme as from July 2007. Between July 2007 and March 2010, the incentive resulted in the creation of at least 6 000 new jobs and attracted R303 million in direct investment.

As part of a process of improving South Africa's position as an investment destination, a systematic review of the BPO&O incentive programme was undertaken with the private sector, resulting in a revised BPS incentive.

Eligible Enterprises

the dti will determine whether an applicant is eligible to benefit from the BPS incentive, based on the requirements that an applicant (legal entity):

- Must be performing BPS activities;





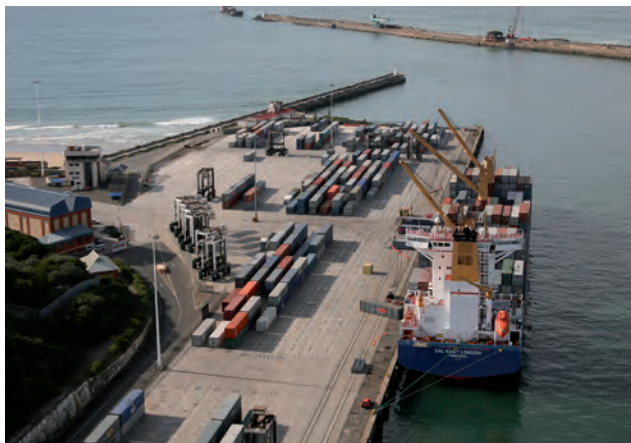
- May be involved in starting a new operation or expanding an existing operation in order to perform BPS activities, which may be operated from more than one physical location in South Africa;
- Must, by the end of three years from the start of operation of the new project or the expansion, have created at least 50 new offshore jobs in South Africa, as defined in the BPS Incentive Programme Guidelines;
- Must commence its commercial operations no later than six months from the date on which the BPS incentive grant was approved. Failure to reach this target date will lead to the cancellation or disqualification of the application, thus requiring the applicant to submit a revised application to reapply for the grant; and
- If in a joint venture arrangement, must have at least one of the parties registered in South Africa as a legal entity.

Objectives

- The BPS incentive aims to attract investment and create employment in South Africa *via* offshoring activities.

Benefits

- A base incentive as a tax exempt grant paid over three years for each offshore job created and maintained; and
- A graduated bonus incentive paid as follows:
 - » 20% bonus for more than 400 but less than 800 offshore jobs paid once-off in the year in which the bonus level is reached
 - » 30% bonus for more than 800 offshore jobs paid once-off in the year in which the bonus level is reached.



Capital Projects Feasibility Programme (CPFP)

The CPFP is a cost-sharing programme that contributes to the cost of feasibility studies likely to lead to projects outside South Africa that will increase local exports and stimulate the market for South African capital goods and services.

Eligible Enterprises

- South African enterprises.

Objectives

- Increase SA exports, stimulate growth for the local capital goods and services sector and allied industries;
- Attract higher levels of domestic and foreign investment;
- Strengthen the international competitiveness of South African enterprises; and
- Create jobs.

Benefits

The size of the grant must fall within the range of R100 000 to R5 million to a maximum of 55% of the total cost of the feasibility study for projects in Africa and 50% for projects outside Africa.



Clothing and Textile Competitiveness Improvement Programme (CTCIP)

The CTCIP aims to build capacity among clothing and textile manufacturers and in other areas of the apparel value chain in South Africa to enable them to effectively supply their customers and compete on a global scale. Such competitiveness encompasses issues of cost, quality, flexibility, reliability, adaptability and the capability to innovate.

Objectives

- The main objective of the CTCIP is to create a group of globally competitive clothing and textile companies, thus ensuring a sustainable environment that will retain and grow employment levels.



Manufacturing Competitiveness Enhancement Programme (MCEP)

Eligible Enterprises

- Existing manufacturing enterprises that have been in operation for a period of not less than one year;
- Manufacturing (SIC 3) conformity assessment agencies servicing the manufacturing sector;
- Basic chemicals, basic iron and steel, manufacture of pulp and paper, basic precious and non-ferrous metals, petroleum refineries and processing of nuclear will be considered if projects create downstream jobs;
- Projects are required to sustain existing employment levels at the date of application, for the duration of their participation in the MCEP;
- Applicants should achieve at least a level four B-BBEE contributor status in terms of the codes of good practice, or submit a plan to demonstrate how they will achieve level four B-BBEE contributor status within a period of two years;
- Enterprises already receiving dedicated sector support such as those benefiting from the MIDP, APDP, AIS, the Clothing and Textile CTCIP are excluded; and
- Enterprises that charge import parity pricing are excluded.

Objectives

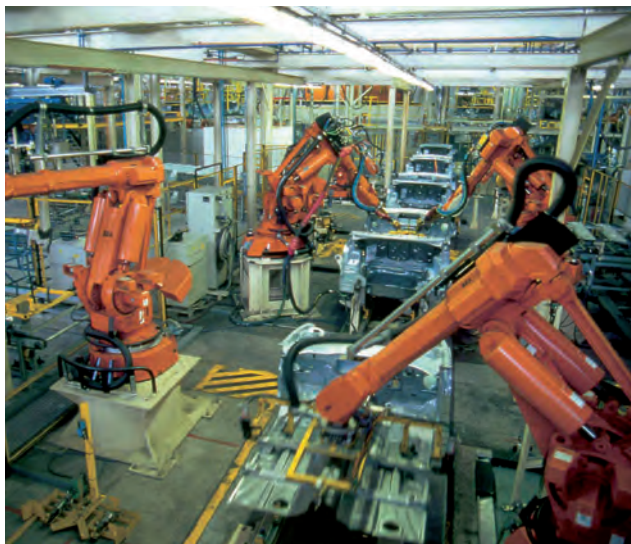
- Encourage enterprises to upgrade their production facilities, processes, products and up-skill workers.;
- Provide for the upgrading of sectors to maximise output and employment;
- Expand existing Industrial Development Corporation (IDC) distressed funding facility to small and medium enterprises, and reduce the cost of capital for distressed enterprises;
- Reduce the price of working capital for exporters and businesses participating in Government infrastructure programmes; and
- Strengthen the responsiveness of available incentive schemes to the current economic challenges.



Benefits

- Non-taxable grant calculated as a percentage of Manufacturing Value Added (MVA) and capped as follows:
 - » 7% of MVA – enterprises larger than R200 million in assets;
 - » 10% of MVA – enterprises with assets >R30 million and ≤R200 million;
 - » 12% of MVA – enterprises with assets >R5 million and ≤R30 million;
 - » 15% of MVA – 100% black-owned enterprises and enterprises with assets below R5 million; and
 - » MVA = sales/turnover – sales value of imported goods – sales value of other bought-in finished goods – material input costs used in manufacturing process.

- MCEP Components:
 - » **Production Incentive (administered by the dti)**
 - Capital Investment;
 - Green Technology and Resource Efficiency Improvement;
 - Enterprise-Level Competitiveness Improvement;
 - Feasibility Studies; and
 - Cluster Competitiveness Improvement.
 - » **Loan Facilities (administered by the IDC)**
 - Pre/Post-Dispatch Working Capital Facility;
 - Distress Funding Interest Make-Up Facility; and
 - Niche Fund Facility.



Enterprise Investment Programme (EIP)

Manufacturing Investment Programme (MIP)

The MIP is a reimbursable cash grant for local and foreign-owned manufacturers that wish to establish a new production facility; expand an existing production facility; or upgrade an existing facility in the clothing and textiles sector.

Eligible Enterprises

- Investors in new and expanding projects in the South African manufacturing industry.

Objectives

- Stimulate investment in manufacturing;
- Increase employment opportunities; and
- Sustain enterprise growth.

Benefits

- Investment grants of 15% to 30% of the investment cost of qualifying assets (machinery and equipment, buildings and commercial vehicles) for new establishments or expansions.





Foreign Investment Grant (FIG)

The FIG compensates qualifying foreign investors for costs incurred in moving qualifying new machinery and equipment (vehicles excluded) from abroad to the Republic of South Africa.

Eligible Enterprises

- Foreign investors that have been approved for the MIP.

Objectives

- Compensate qualifying foreign investors for the costs of moving qualifying new machinery and equipment from abroad to South Africa.

Benefits

A cash grant, to a maximum of R10 million, but the lower cost of:

- 15% of the value of new machinery and equipment; or
- the actual relocation cost of new machinery and equipment.



Production Incentive (PI)

Under the PI, applicants can use the full benefit as either an upgrade grant facility or an interest subsidy facility, or a combination of both.

Eligible Enterprises

- Clothing manufacturers;
- Textile manufacturers;
- Cut, Make and Trim (CMT) operators;
- Footwear manufacturers;
- Leather goods manufacturers; and
- Leather processors (specifically for leather goods and footwear industries).

Objectives

- Assist the industry in upgrading its processes, products and people.

Benefits

- A benefit equal to 10% for the year ending 31 March of a company's Manufacturing Value Addition (MVA).



Sector-Specific Assistance Scheme (SSAS)

The SSAS is a reimbursable 80:20 cost-sharing grant offering financial support to export councils, joint action groups and industry associations. The scheme comprises two sub-programmes, namely Generic Funding and Project Funding for Emerging Exporters (PFEE). The aim of the SSAS is aligned to **the dti**'s overall objectives in several respects, as indicated below.

Eligible Enterprises

- Non-profit business organisations in sectors and sub-sectors of the industry prioritised by **the dti**, in respect of (i) generic funding; and (ii) project funding, provided that the purpose of the organisation and/or its proposed project aims to conform to the objectives of Trade and Investment South Africa (TISA), a division of **the dti**, and **the dti**'s export strategy.

SSAS has three components:





- **SSAS: Generic Funding**

Funding of non-profit business organisations in sectors and sub-sectors of industry prioritised by **the dti**.

Benefits

- R50 000 grant for establishing an export council;
- Matching grant based on membership income (for operational costs) in a 2:1 ratio to a maximum of R1 million;
- Local advertising and publicity;
- Marketing materials (export directories and brochures, video and CD-Roms); and
- Local exhibition assistance.

- **SSAS: Project Funding**

This is a 80:20 reimbursable cost-sharing grant whereby financial support is granted to export councils, joint action groups (JAGS) and industry associations aiming at developing particular sectors of the industry, finding new export markets and promoting participation by black SMMEs, women, youth and people with disabilities in the economy.

- **SSAS: Project Funding for Emerging Exporters**

Compensates the costs in respect of activities aimed at the development of South African emerging exporters. The qualifying applicants are export councils, industry associations, provincial investment and economic development agencies, business chambers, (**seda**), local municipalities and metropolitan councils.





Objectives

- Develop an industry sector as a whole;
- Develop new export markets;
- Stimulate job creation;
- Broaden the export base;
- Propose solutions to factors inhibiting export growth; and
- Promote the broader participation of black-owned businesses and SMMEs in the economy.

Benefits

- Travel and accommodation, transport of samples and marketing materials, exhibition costs.
- Maximum allocation per project is R1.5 million.



Support Programme for Industrial Innovation (SPII)

The SPII is a support programme of **the dti**, managed by the Industrial Development Corporation (IDC). The SPII is designed to promote technology development in industry in South Africa through the provision of financial assistance for the development of innovative products and/or processes. The SPII specifically focuses on the development phase, which begins at the conclusion of basic research and ends when a pre-production prototype has been produced.





seda Technology Programme (Stp)

Objectives

As part of the Government's strategy to consolidate small-enterprise support activities since April 2006, the activities of the Godisa Trust, the National Technology Transfer Centre (NTTC), the three business incubators of **the dti**, the Technology Advisory Centre (TAC), the technology-transfer activities of the Technology for Women in Business (TWIB) programme and the support programmes for small enterprises of the South African Quality Institute were merged into a single programme – the **seda** Technology Programme (Stp).

Benefits

- R800 000 for tools, machinery and equipment on a 35:65 cost-sharing basis (contribution by **the dti** = 35%; contribution by the enterprise = 65%); and
- R200 000 for business development services on a 50:50 cost-sharing basis.



Section 3: Women Economic Empowerment Incentives



Bavumile

South African women are gifted and talented in designing and crafting fashionable products for both the local and international markets, mainly promoting South African culture and heritage. However, one of their greatest challenges is to produce quality products that can easily occupy the shelves of many local and international retail shops and boutiques, thus catching the eye of the buyer.

Bavumile seeks to ensure the quality production of commercially viable products that are produced by women by imparting relevant skills and expertise.



Isivande Women's Fund

IWF is an exclusive women's fund established by **the dti**. The fund aims at accelerating women's economic empowerment by providing more affordable, usable and responsive finance. IWF targets formally registered enterprises, 60% of which are owned and/or managed by women. The enterprises must have been existing and operating for two or more years and must fall within a loan range of R30 000 to R2 million.



Section 4: Trade, Export and Investment Incentives



Critical Infrastructure Programme (CIP)

The CIP is a cost-sharing cash grant for projects designed to improve critical infrastructure in South Africa. The grant covers qualifying development costs from a minimum of 10% to a maximum of 30% towards the total development costs of qualifying infrastructure. It is made available to approved Eligible Enterprise upon the completion of the infrastructure project concerned. Infrastructure for which funds are required is deemed to be 'critical': if the investment would not take place without the said infrastructure or the said investment would not operate optimally.



Eligible Enterprises

- Private investors/companies; and
- Municipalities

Objectives

- Support competitiveness by lowering business costs and risks;
- Provide targeted financial support for physical infrastructure; and
- Stimulate upstream and downstream linkages.

Benefits

- A cash grant to a maximum of 30% capped at R30 million for the development cost for qualifying infrastructure.





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Export Marketing and Investment Assistance (EMIA)

National Pavilions at International Events

the dti assists South African exporters by organising National Pavilions to showcase local products at international trade exhibitions. The EMIA scheme bears costs for space rental, the construction and maintenance of stands, electricity and water charges, as well as freight charges, up to a maximum of three cubic metres or two tonnes per exhibitor.

International Trade Exhibition Assistance

the dti provides financial assistance to export councils, industry associations, Provincial Trade and Investment Promotion Agencies (PIPAs), Joint Action Groups (JAGs), export clubs and chambers of commerce for international trade exhibitions where there is no National Pavilion scheduled/approved. The EMIA scheme bears costs for rental of exhibition space, stand-building, services, freight-forwarding and travel but will exercise discretion





on the market and sector. If approved, the relevant applicant will manage the entire project on behalf of **the dti**, including all procurement matters.

Group Outward-Selling Missions

the dti provides assistance to South African exporters that seek to conclude export orders with foreign buyers. These missions are organised by export councils, chambers of commerce, PIPAs, export clubs or **the dti**.

Group Outward-Investment Missions

the dti provides assistance to South African entities that seek to encourage and attract foreign direct investment (FDI) into South Africa. These missions are organised by export councils, chambers of commerce, PIPAs, export clubs or **the dti**.

Please note that the Group Outward-Investment/Selling Mission offerings also include assistance for:

- Export/Investment seminars and conferences;
- Market research missions; and
- Bidding/Lobbying missions.

Eligible Enterprises

- South African manufacturers and exporters;
- South African export trading houses representing at least three SMMEs or businesses owned by Historically Disadvantaged Individuals (HDIs);



- South African commission agents representing at least three SMMEs/HDI-owned businesses; and
- South African export councils, industry associations and JAGs representing at least five South African entities.

Objectives

- Provide marketing assistance to develop new export markets and grow existing export markets;
- Assist with the identification of new export markets through market research;
- Assist companies to increase their competitiveness by supporting patent registrations, quality marks and product marks;
- Assist with facilitation to grow FDI through missions and FDI research; and
- Increase the contribution of black-owned businesses and SMMEs to South Africa's economy.

Benefits

- ***Individual exhibition participation:***
 - » Transport of samples;
 - » Rental of exhibition space;
 - » Construction of stand;
 - » Interpretation fees;
 - » Internet connection;
 - » Telephone installation;



- » Subsistence allowance per day;
 - » Allowance per day;
 - » Return economy-class airfare; and
 - » Exhibition fees up to a maximum of R45 000.
- **Primary market research and FDI:** Exporters will be compensated for costs incurred in recruiting in new FDI into South Africa through personal contact by visiting potential investors in foreign countries.
 - » Return economy-class airfare;
 - » Subsistence allowance per day;
 - » Transport of samples; and
 - » Marketing materials.
 - **Individual inward missions:** Assistance under this scheme is extended towards capacity building and skills transfer.
 - » Registration of a patent in a foreign market: 50% of the additional costs, capped at R100 000 per annum;
 - » Return economy-class airfare;
 - » Subsistence allowance per day; and
 - » Rental of exhibition space.



Automotive Investment Scheme (AIS)

The AIS is an incentive designed to grow and develop the automotive sector through investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain.

Eligible Enterprises

- Light motor vehicle manufacturers that have achieved or can demonstrate that they will achieve a minimum of 50 000 annual units of production per plant, within a period of three years; or
- Component or deemed component manufacturers that are part of the Original Equipment Manufacturer (OEM) supply chain and will achieve at least 25% of a total entity turnover of R10 million by the end of the first full year of commercial production as part of a light motor vehicle manufacturer supply chain, locally and/or internationally.

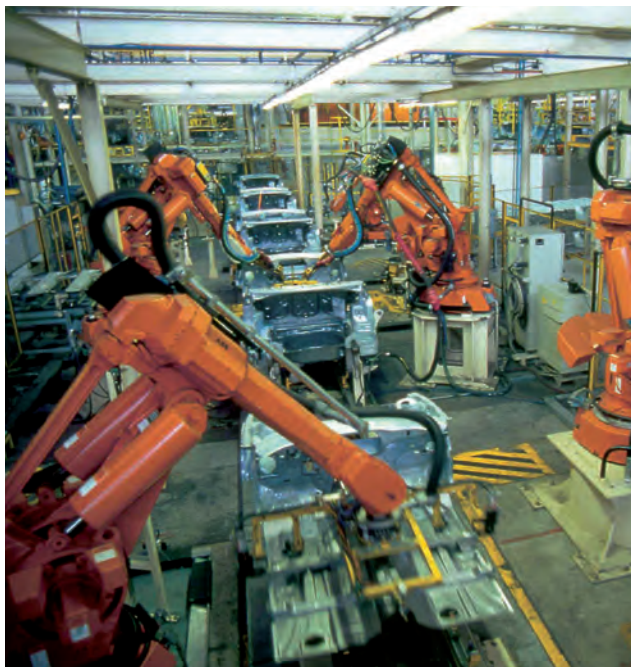


Objectives

- Strengthen and diversify the sector through investment in new and/or replacement models and components;
- Increase plant production volumes; and
- Sustain employment and/or strengthen the automotive value chain.

Benefits

- The AIS provides for a taxable cash grant of 20% of the value of qualifying investment in productive assets, as approved by **the dti**; and
- An additional taxable cash grant of 5% to 10% may be made available for projects that significantly contribute to the development of the automotive sector.



Section 12I Tax Allowance Incentive (12I TAI)

The 12I Tax Incentive is designed to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (i.e. expansions or upgrades of existing industrial projects). The new incentive offers support for both capital investment and training.

Objectives




The objectives of the incentive programme are to support:

- Investment in manufacturing assets, to improve the productivity of the South African manufacturing sector; and
- Training of personnel; to improve labour productivity and the skills profile of the labour force.

Offerings

- The incentive offers:
 - » R900 million additional investment allowance in the case of any Greenfield project with a preferred status;
 - » R550 million additional investment allowance in the case of any other Greenfield project;
 - » R550 million additional investment allowance in the case of any Brownfield project with a preferred status;
 - » R350 million additional investment allowance in the case of any other Brownfield project;



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- » An additional training allowance of R36 000 per employee may be deducted from taxable income; and
 - » A maximum total additional training allowance per project, amounting to R20 million, in the case of a qualifying project and R30 million in the case of a preferred project.
 - » According to the points system, an industrial policy project will achieve 'qualifying status' if it achieves at least five of the total 10 points, and a 'preferred status' if it achieves at least eight of the total 10 points.

Targeted Enterprises

- The investment must be:
 - » A Greenfield project (new project);
 - » A Brownfield project (expansion or upgrade); or
 - » Classified under 'Major Division 3: Manufacturing in the SIC codes'.

The project could score points for:

- Upgrade an industry within South Africa (*via* an innovative process, cleaner production technology or improved energy efficiency);
- Provide general business linkages within South Africa;
- Acquire goods and services from SMMEs;
- Create direct employment within South Africa;
- Provide skills development in South Africa; and
- In the case of a Greenfield project, is located within an Industrial Development Zone.



Film and Television Incentive

The South African Government offers a package of incentives to promote its film production and post-production industry, which includes the Foreign Film and Television Production and Post-Production Incentive and the South African Film and Television Production and Co-Production Incentive.

The Foreign Film and Television Production and Post-Production Incentive aims to attract foreign-based film productions to shoot on location in South Africa and conduct post-production activities in the country. The South African Film and Television Production and Co-Production incentive aims to assist local film producers in the production of local content.



Foreign Film and Television Production and Post-Production Incentive

Note: Apply before commencing principal photography or conducting on-line post production.

Eligible Enterprises

- Foreign-owned qualifying productions with a minimum of Qualifying South African Production Expenditure (QSAPE) of R12 million and above, provided that at least 50% of principal photography is done in South Africa, for a minimum of four weeks;
- An applicant must be a Special Purpose Corporate Vehicle (SPCV) incorporated in the Republic of South Africa solely for the purpose of the production of the film or television or post-production project;
- An applicant must be the entity responsible for all activities involved in the making of the production in South Africa and must have access to full financial information for the whole production worldwide; and
- Only one entity per production is eligible for the incentive.

Benefits (production only)

- 20% of QSAPE;
- Minimum running time is 80 minutes; and
- No capped amount for the grant.





Benefits (production and post-production)

- Shooting on location in South Africa and conducting post-production with QSAPPE of R1,5 million in South Africa, the incentive will be calculated at 22,5% of QSAPE and QSAPPE (additional 2,5%); and
- Shooting on location in South Africa and conducting post-production with a QSAPPE of R3 million and above in South Africa, the incentive will be calculated as 25% of QSAPE and QSAPPE (an additional 5% will be added).

Benefits (post-production only)

- Foreign post-production with QSAPPE of R1.5 million, the incentive is calculated at 22,5% of QSAPPE;
- Foreign post-production with QSAPPE of R3 million and above, the incentive is calculated at 25% of QSAPPE.
- Minimum number of two weeks; and
- If 100% of post-production is conducted in South Africa, the minimum requirement for number of weeks will be waived.

South African Film and Television Production and Co-Production Incentive

Note: Apply before commencing principal photography

Eligible Enterprises

- The incentive is available to qualifying South African productions and official treaty co-productions with a total production of R2.5 million and above.





- Special Purpose Corporate Vehicle (SPCV) incorporated in the Republic of South Africa solely for the purpose of the production of the film or television project. The SPCV and the parent company(ies) must have a majority of South African shareholders, of whom at least one must play an active role in the production and be credited in that role.
- An applicant must be the entity responsible for all activities involved in the production of the film in South Africa and must have access to full financial information for the whole production worldwide.
- Only one entity per production is eligible for the incentive.

Benefits

The incentive is calculated as 35% of the first R6 million of QSAPE and 25% of the QSAPE on amounts above R6 million.





South African Film and Television Production and Co-Production Incentive

Eligible Enterprises

- SPCV incorporated in the Republic of South Africa solely for the purpose of the production of the film or television project. The SPCV and parent company(ies) must have a majority of South African shareholders of whom at least one shareholder must play an active role in the production and be credited in that role;
- An applicant must be the entity responsible for all activities involved in making the production in South Africa and must have access to full financial information for the whole production;
- Only one film production, television drama or documentary series per entity is eligible for the incentive;
- The following formats are eligible: feature films, tele-movies, television drama series, documentaries and animation; and
- The incentive is available only to qualifying South African productions and official treaty co-productions with a total production budget of R2.5 million and above.

Objectives

- To support the local film industry and contribute towards employment opportunities in South Africa.

Benefits

- The rebate is calculated as 35% of the first R6 million of QSAPE and 25% of the QSAPE on amounts above R6 million.





the dti Campus
77 Meintjies Street
Sunnyside
Pretoria
0002

the dti
Private Bag X84
Pretoria
0001

the dti Customer Contact Centre: 0861 843 384

Website: www.thedti.gov.za



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

