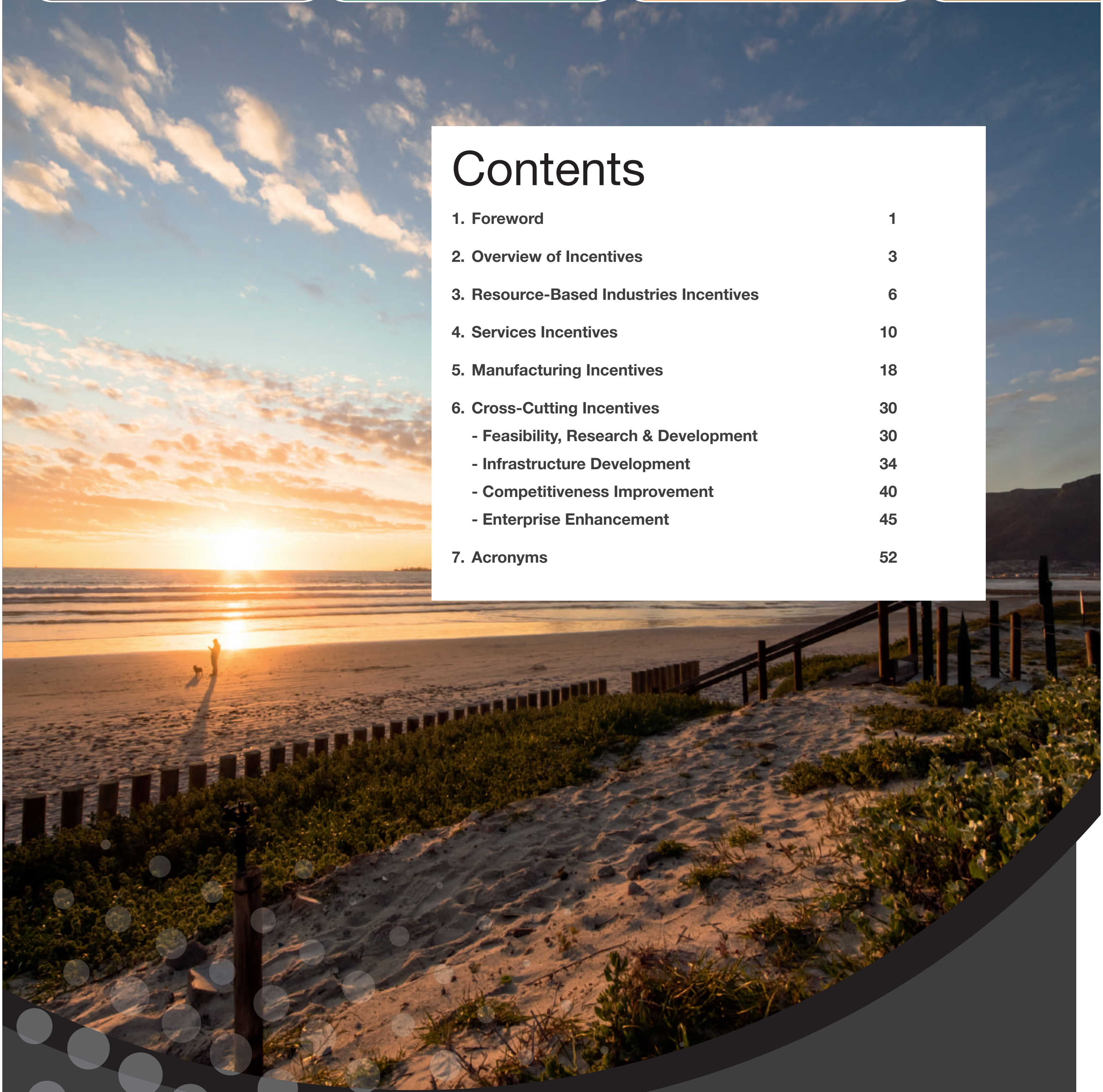
SOUTH AFRICA

Incentives Guide

South Africa Business Incentives Guide 2020

the dti
Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

investSA



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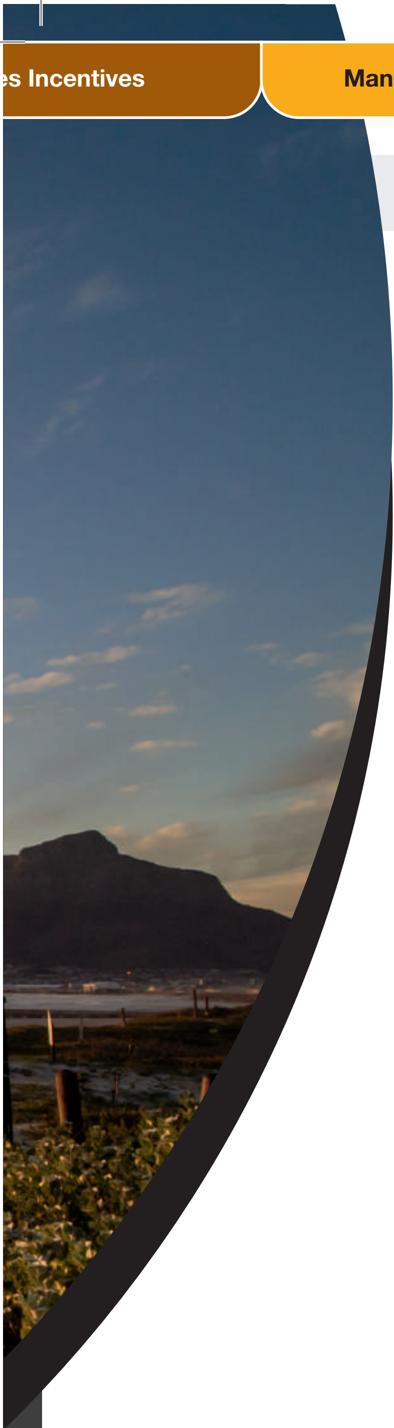


Foreword

It is with great pride that InvestSA, a division of the Department of Trade and Industry (**the dti**), and Deloitte Africa bring you the South Africa Business Incentives Guide 2020.

South Africa has a suite of cross-cutting and sector-specific incentives schemes that enhance our country's value proposition as a compelling investment destination on the African continent.

For the first time we are consolidating a range of incentives offered across the country, by different government departments, development finance institutions and business support agencies into a comprehensive guide to assist business in navigating the support available for their specific activities or projects.

For more information and advisory support, please contact us.

Mr Yunus Hoosen
Head
InvestSA

Disclaimer

The information in this Incentives Guide is based on conditions that existed in September 2019.

The authors accept no responsibility for any errors this guide may contain, whether caused by negligence or otherwise, or for any loss, however caused, sustained by any person that relies on the information herein.

While all attempts have been made to provide up-to-date statistics and other details, this Incentives Guide is not exhaustive and readers are advised to consult with their advisors and/ or the relevant government agency.

Overview of Incentives

South Africa's economic policy is centred on the attraction of investment in order to generate economic development and growth. Key to this strategy is the provision of a range of demand and supply-side measures to both lower the cost of doing business and to offer compelling investment opportunities.

The incentives landscape in South Africa consists of a network of sector specific and cross-cutting incentives that fall into three major types of funding instruments – cash grants, tax allowances, as well as concessional funding and preferential infrastructure access. In addition, these incentives are also targeted at different phases of the project development life cycle – conceptual or start-up; development and growth; and expansion and competitiveness improvement. Incentives that are available are either coordinated by a national, provincial or local government department, a development finance institution, or agency of the state.

For the purposes of this guide, incentives have been arranged by sector. Summaries have been compiled on each incentive as well as "flagship" investment incentive programmes. For ease of assessing eligibility, a decision tree has been included where applicable. Only cash grants and some tax allowances are included in this guide and readers are encouraged to consult the development finance institutions for details of concessional funding available.

Incentives Landscape by Priority Sector Focus

For additional incentives that may be applicable to your project, please refer to section 6, which covers cross-cutting incentives.

Sector	Sub-Sector	
GREEN ECONOMY	Clean Energy	Energy Efficiency Savings Tax Allowance
	Water Resource Efficiency	
	The Waste Economy	
	Green Transport	
RESOURCE-BASED INDUSTRIES	Mining	Critical Infrastructure
	Forestry	Agro-Processing Support
	Agro-Processing	Additional Manufacturing Tax Allowance
	Aquaculture	
	Mineral Beneficiation	
SERVICES	Blue Economy (Ports Infrastructure)	Critical Infrastructure
	Oil, Gas and Exploration	
	Ship Building and Repairs	
	Business Process Outsourcing	Global Business Services
	Film, TV, Animation and Documentaries	Foreign Film and TV
		Media Development & Diversity Research
MANUFACTURING	Clothing, Textiles, Footwear and Leather	Clothing and Textiles
	Automotive	Automotive Investment
	Rail	
	Metals Fabrication	
	Cosmetics and Personal Care	Agro-Processing Support
	Forestry, Pulp & Paper, and Furniture	
ADVANCED MANUFACTURING	Pharmaceuticals and Medical Devices	Additional Manufacturing Tax Allowance
	Chemicals	
	Advanced Materials	
	Electronics and White Goods	
	Aerospace and Defense Industries	
	Fuel Cells	

incentive Programmes

Green Fund

Green Tourism Incentive

Critical Infrastructure

Agro-Processing Support

Aquaculture

Black Industrialists

Black Industrialists

Comprehensive Agriculture Support

Critical Infrastructure

Critical Infrastructure

Local Film and Television

Black Filmmakers

Film Tax Allowance

Additional Manufacturing Tax Allowance

Black Industrialists

Critical Infrastructure

Capital Projects Feasibility Studies

Black Industrialists

Critical Infrastructure

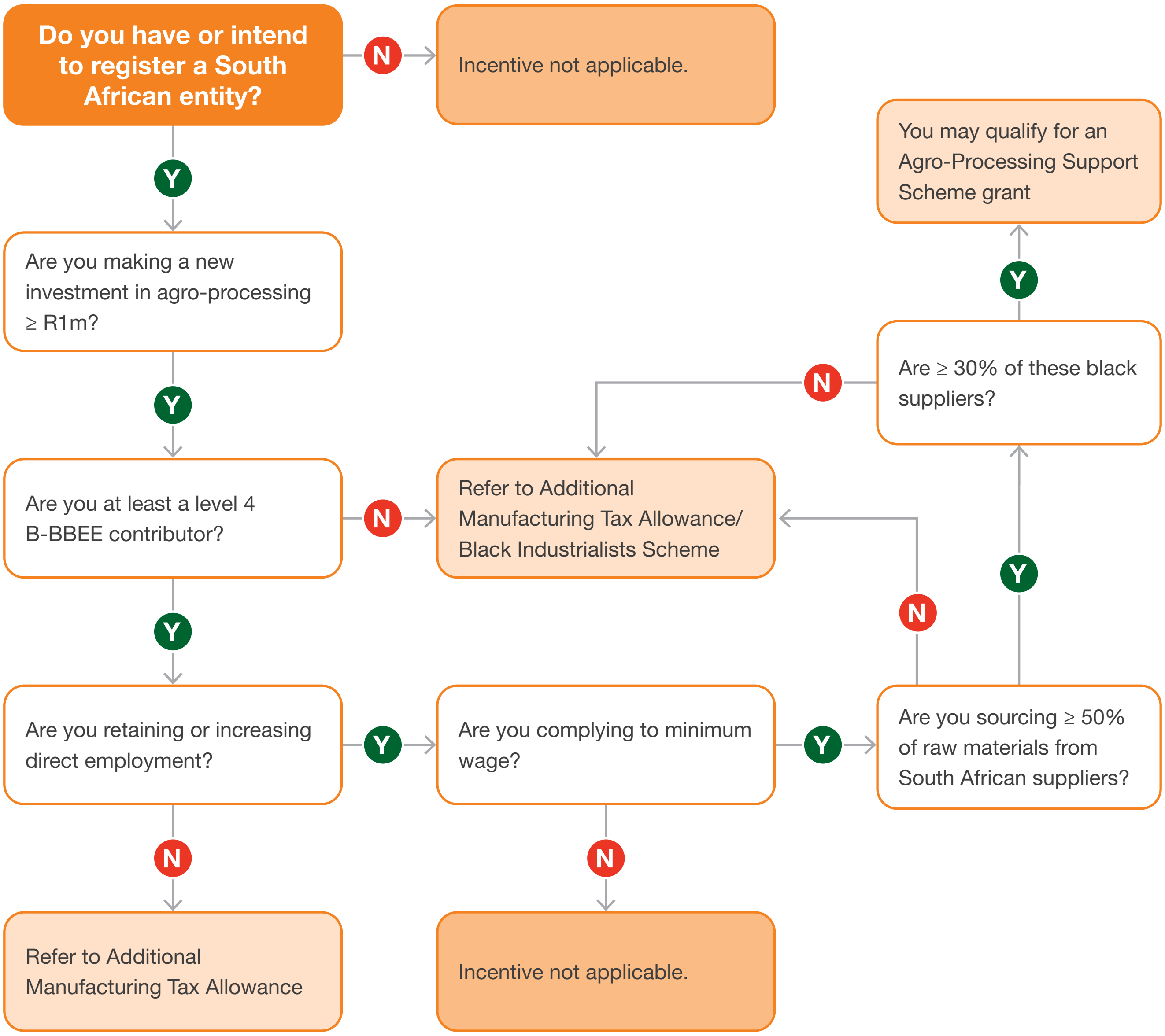
Capital Projects Feasibility Studies

Resource-Based Industries Incentives

Agro-Processing

Agro-Processing Support Scheme

Please refer to the decision tree below to assess eligibility for this incentive and potential alternative incentives that may be applicable.



Agro-Processing Support Scheme (cont.)

What is it?

The Agro-Processing Support Scheme (APSS) aims to stimulate investment by the South African agro-processing enterprises/ beneficiation agri-businesses.

Who qualifies?

New and existing agro-processing/ beneficiation projects that:

- have a minimum investment of R1m
- have a B-BBEE level of 1-4
- demonstrate that at least 50% of raw materials will be sourced from South African suppliers of which 30% must be black South African suppliers
- are able to commence the project or activities applied for within 90 calendar days after the application has been approved
- retain and create additional jobs and
- pay minimum wage.

The APSS funds five key sub-sectors as follows:

- Food and beverage value addition and processing (including black winemakers)
- Furniture manufacturing
- Fibre processing
- Feed production and
- Fertiliser production.

What is the benefit?

The incentive offers a 20%-30% cost-sharing grant to a maximum of R20m, over a two-year investment period. The cost-sharing grant percentage can be differentiated as follows:

Historical Cost of Assets	Qualifying Investment Costs	Grant Percentage	Maximum Grant Amount
New Entity			
n/a	R1m up to R10m	30%	R3m
n/a	> R10m	20%	R20m
Existing Entity			
≤ R10m	R1m up to R10m	30%	R3m
> R10m	> R10m	20%	R20m

What are the qualifying investment costs?

- New machinery and equipment
- Commercial vehicles – the cost must not exceed 25% of the qualifying investment, limited to R2m)
- Buildings – the investment in buildings may not exceed the qualifying investment costs in machinery and equipment and tools, limited to R2m
- Competitive improvement costs – the cost is limited to a maximum of 10% of qualifying investments in machinery and equipment and tools, limited to R2m.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Aquaculture

Aquaculture Development and Enhancement Programme

What is it?

The Aquaculture Development and Enhancement Programme (ADEP) is an incentive that supports entities engaged in primary, secondary and ancillary aquaculture in both marine and freshwater, classified under the following Standard Industry Classification (SIC):

- SIC 132: Fish hatcheries and fish farms (including crocodile farms
- SIC 301 & 30122: Production, processing and preserving of aquaculture fish.

The incentive aims to develop emerging aquaculture farmers, increase production, sustain and create hubs, and to encourage geographical spread.

Who qualifies?

Primary Aquaculture Operations

- Hatchery facilities and operations
- Nursery facilities and operations
- Grow-out facilities and operations.

Secondary Aquaculture Operations

- Primary processing for aquaculture: post-harvesting handling, gutting, packaging
- Secondary processing for aquaculture: filleting, portioning and packaging
- Tertiary processing for aquaculture: value-adding such as curing, brining, smoking
- Waste stream handling for aquaculture.

Ancillary Aquaculture Operations

- Aquaculture feed manufacturing operations.

Applicants must be B-BBEE level 1-4 with a turnover of above R10m. Applications with a turnover of less than R10m may submit an affidavit.

What is the benefit?

ADEP offers a 30%-45% reimbursable grant of up to a maximum of R20m towards qualifying costs.

What costs qualify?

- Machinery, equipment and tools
- Bulk infrastructure
- Owned land – only applicable to small black enterprises
- Buildings
- Leasehold improvements
- Aquaculture feed
- Commercial vehicles
- Workboats
- New technology leading to energy and resource efficiency
- Competitiveness improvement activities (up to a maximum of R500 000) and
- Mentorship – only eligible for small enterprises (up to a maximum of R200 000).

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Agriculture

Comprehensive Agricultural Support Programme

What is it?

The Comprehensive Agricultural Support Programme (CASP) is aimed at expanding the provision of agricultural support services and promoting and facilitating agricultural development by targeting subsistence, smallholder and black commercial farmers from a previously disadvantaged background.

Who qualifies?

- Must be a South African citizen
- Must be a black South African applicant
- Must be 18 years or older
- Proof of tenure
- Access to services (water, electricity, etc.)
- Status of Farm Governance Systems and
- Managerial and technical skills.

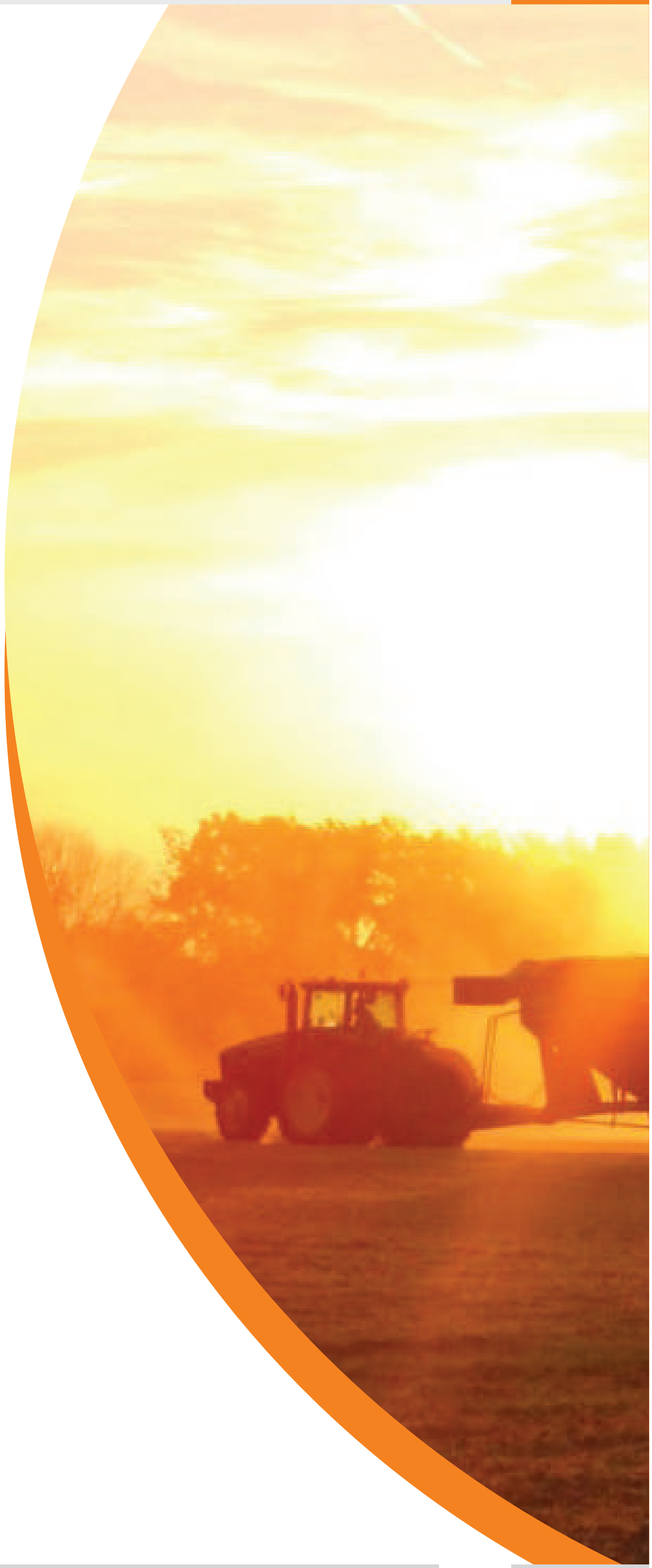
What is the benefit?

The grant funding is project specific and allocation is based on the following criteria:

- Community involvement and ownership
- Target beneficiaries should be from the previously disadvantaged group
- Enhances national and household food security
- Once-off grant and not committing the government to any form of direct recurrent operational or maintenance project grants
- Long-term sustainability and economic viability
- Project finance support will only be provided for agricultural activities having the required level of institutional and technical support and
- Projects that will generate employment opportunities should be given priority.

More Information?

Department of Agriculture, Forestry and Fisheries
www.daff.gov.za



Services Incentives

Business Process Outsourcing

Global Business Services Incentive

What is it?

The primary objective of the Global Business Services (GBS) Incentive is to attract investment and create employment in South Africa through offshoring activities. The secondary objective is to create employment opportunities for the youth (aged between 18 and 35 years) and to contribute to the improvement of South Africa's export revenue by performing offshoring services.

Who qualifies?

Providers of outsourced business services to clients that are located outside of South Africa:

- A South African legal entity
- Have at least a three-year fixed-term contract for offshore activities
- Pay a minimum wage of R5 000 per month (or R4 000 per month for the first 12 months in the case of South African citizens aged between 18 and 34 years living in poor communities)
- Submit an application prior to appointing staff in qualifying jobs
- Be B-BBEE compliant.

Projects Performing Mostly Non-Complex Jobs

- Must create a minimum of 50 new offshore jobs within three years from the start of operation
- Must employ at least 80% youth.

Projects Performing Mostly Complex and Highly-Complex Jobs

- Must create a minimum of 30 new jobs within three years from the start of the project
- Must employ at least 60% youth.

What is the benefit?

Base Incentive

A three-tiered incentive depending on the complexity of the jobs created and an operational expenditure grant for each job created and maintained over a five-year period.

	Total grant per job over a five-year benefit period		
Budget period	Non-complex jobs (max. 500 jobs)	Complex jobs (max. 200 jobs)	Highly-complex jobs (max. 100 jobs)
2019/20 - 2023/24	R142 000	R215 000	R290 000
2020/21 - 2024/25	R138 000	R210 000	R285 000
2021/22 - 2025/26	R134 000	R205 000	R280 000
2022/23 - 2026/27	R130 000	R200 000	R275 000
2023/24 - 2027/28	R130 000	R200 000	R275 000

Graduated Incentive

Non-complex jobs (fully loaded cost ≤ R300 000 per annum per job)

No. of jobs	Total grant over five years
500 < jobs ≤ 1 000	Base incentive plus 20% once off
> 1 000	Base incentive plus 30% once off

Complex jobs (fully loaded cost ≥ R300 001 per annum per job)

No. of jobs	Total grant over five years
200 < jobs ≤ 400	Base incentive plus 20% once off
> 400	Base incentive plus 30% once off

Highly-complex jobs (fully loaded cost ≥ R600 000 per annum per job)

No. of jobs	Total grant over five years
100 < jobs ≤ 200	Base incentive plus 20% once off
> 200	Base incentive plus 30% once off

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Film, Television and Documentaries

Foreign Film, Television Production and Post-Production Incentive

What is it?

The Foreign Film, TV Production and Post-Production Incentive is aimed at large-budget films and television productions and post-production work that will contribute towards employment creation, enhancement of South Africa's international profile as well as increasing the country's creative and technical skills base.

Who qualifies?

A foreign film studio or production company making a production in South Africa and utilising the services of a South African service company with a B-BBEE contributor status of level 1-3.

Production Only

- The Qualifying South African Production Expenditure (QSAPE) should be:
  - At least R15m for shooting in South Africa when using a service company that is B-BBEE level 2-3
  - At least R12m for shooting in South Africa when using a service company that is B-BBEE level 1.

Production and Post-Production

In addition to the above requirement on productions, the Qualifying South African Post-Production Expenditure (QSAPPE) should be at least R10m for conducting post-production in South Africa.

Post-Production Only

The QSAPPE should be at least R1.5m for conducting post-production in South Africa.

All applicants are required to:

- Be a registered South Africa Special Purpose Corporate Vehicle making the production
- Have valid tax clearance and B-BBEE certificates
- 50% of the production schedule must be filmed in South Africa and must be at least 21 calendar days
- Have secured at least 25% of the total production budget at application.

What is the benefit?

The maximum benefit is a R50m grant calculated as follows:

Production Only

- The incentive provides a benefit of 25% of QSAPE.

Production and Post-Production

- The incentive provides a benefit of 25% of QSAPE
- An additional 2.5% for QSAPPE of R10m
- An additional 5% for QSAPPE of R15m.

Post-Production Only

- The incentive provides a grant of 20% of QSAPPE
- An additional 2.5% for QSAPPE of R10m
- An additional 5% for QSAPPE of R15m.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Film, Television and Documentaries

South African Film and Television Production and Co-Production Incentive

What is it?

The South African Film and Television Production and Co-Production Incentive is aimed at strengthening and promoting the country's film and television industry as well as the creation of employment opportunities.

Who qualifies?

The applicant must be a South African production company and must register a Special Purpose Corporate Vehicle incorporated in South Africa for the production of the film or television project.

Film and TV
The Qualifying South African Production Expenditure (QSAPE) should be at least R2.5m.

Documentaries
For documentaries, the QSAPE should be at least R500 000.

Co-Productions
The Co-Production must be approved by the Minister of Arts and Culture as an Official Co-Production Treaty production.

All applicants must:

- Hire at least 51% of the heads of department who are South African Citizens and 20% of these must be black
- Spend at least 20% of QSAPE on 51% black-owned companies in operation for at least one year
- Have secured at least 25% of the total production budget at application
- Demonstrate that the majority of the intellectual property of the production is owned by South African citizens
- Have a valid tax clearance certificate and B-BBEE level 3 certificate
- 60% of the production schedule must be filmed in South Africa and must be at least 14 calendar days.

What is the benefit?

The maximum benefit is a R50m grant calculated as follows:

35% of QSAPE and an additional 5% is provided for productions if:

- At least 30% of the QSAPE is procured from 51% South African black-owned entities which have been operational for at least one year.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Film, Television and Documentaries

South African Emerging Black Filmmakers Incentive

What is it?

The South African Emerging Black Filmmakers Incentive is aimed at nurturing and capacitating emerging black filmmakers and to contribute towards employment opportunities.

Who qualifies?

The applicant must be a South African production company (65% black-owned) and must register a Special Purpose Corporate Vehicle (75% black-owned) incorporated in South Africa for the production of the film or television project.

TV, Film and Documentaries

- The Qualifying South African Production Expenditure (QSAPE) should be at least R500 000
- Applicants must hire at least 51% of the heads of department who are black South African citizens
- Spend at least 20% of QSAPE on 51% black-owned companies in operation for at least one year
- Have secured at least 10% of the total production budget at application
- Demonstrate that majority of the intellectual property of the production is owned by black South African citizens
- Have a valid tax clearance certificate and B-BBEE level 2 certificate
- 80% of the production schedule must be filmed in South Africa and must be at least 14 calendar days.

What is the benefit?

The maximum benefit is a R52m grant calculated as follows:

- 50% of QSAPE
- The production company may qualify for an additional R2m once off grant for the purchase of key production equipment.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Film

Section 12O of the Income Tax Act

What is it?

Section 12O of the Income Tax Act provides exemptions for filmmakers in respect of films.

Who qualifies?

Filmmakers who derive income from the exploitation rights of films if the film has been approved as a film in terms of section 3(c) (read with section 4 (1)) of the National Film and Video Foundation Act, 1997.

Exploitation rights
The right to any receipts in respects of the use of, the right of use of or the granting of permission to use any film.

Film
A feature film, a documentary or documentary series or an animation conforming to the requirements stipulated by **the dti** in the Programme Guidelines for the South African Film and Television Production and Co-Production Incentive.

What is the benefit?

Exemption from normal tax of the receipts and accruals in respect of income derived from the exploitation rights of a film if:

- The exploitation of rights of the film were acquired before the commencement of principal photography by the filmmaker or
- The exploitation rights were acquired after the commencement of principal photography but before the completion date if the consideration was not directly or indirectly paid or applied for the benefit of the filmmaker.

The income must be received within a period of 10 years after the completion date of the film.

More Information?

South African Revenue Service
www.sars.gov.za

Feasibility, Research & Development Incentives

Media Development and Diversity Agency Research Funding

What is it?

The Media Development and Diversity Agency (MDDA) offers support through grant funding for small commercial media and research projects. The agency aims to create an enabling environment for media development and diversity.

Who qualifies?

All Sole Proprietorships, Close Corporations or Private Companies, who wish to undertake research into the South African media sector or who want to undertake feasibility studies in the media sector. The targeted audience is:

- Historically disadvantaged communities
- Historically diminished language and cultural groups
- Inadequately served communities.

What activities qualify?

Funding is granted for the following:

- Conducting and funding research
- Assisting with capacity building
- Technical assistance.

What is the benefit?

Funding is dependant on whether the project is in line with the mandate of the MDDA and what resources are available.

It is also preferred that the media organisations/ communities match the funding or any support in kind.

More Information?

Media Development & Diversity Agency
www.mdda.org.za

Arts and Culture

DAC Mzansi Golden Economy Grants

What is it?

The Mzansi Golden Economy (MGE) Grant is aimed to make strategic investments to optimise the economic benefit of the arts in South Africa by improving investments in key areas of the creative economy.

Who qualifies?

This incentive is open for South African arts, culture and heritage organisations and enterprises that have independent legal status such as:

- Cultural events
- Touring ventures
- Legacy projects
- Cultural precincts
- Public arts
- Art banks
- Sourcing enterprise/ information centres
- National Academy for Cultural & Creative Industries of South Africa
- Artists in Schools and
- Cultural Observatory.

What is the benefit?

Cultural Events
The maximum available grant is R2m per beneficiary.

Touring Ventures and Market Access Projects
The maximum available grant is R1m per beneficiary.

Public Arts
The maximum available grant is R1m per beneficiary.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Tourism Incentive

Green Tourism Incentive Programme

What is it?

The Green Tourism Incentive Programme (GTIP) is a resource efficiency incentive programme that aims to encourage private sector tourism enterprises to move towards the sustainable management of water and energy resources whilst adhering to responsible tourism practices.

Who qualifies?

- An existing or a new privately-owned tourism-specific establishment (accommodation, facilities and attractions) that provides services to tourists as its direct clients
- New establishments at advanced stages of development where delay and completion risk is minimal
- In the case of accommodation and conference venues, an official star grading by the Tourism Grading Council of South Africa (TGCSA) is required
- Ungraded establishments are required to provide proof of having at least applied for a star grading by TGCSA
- New establishments must commit to obtaining an official star grading by TGCSA no longer than three months from completion of the development.

All applicants must:

- Be small and micro tourism enterprises
- Commit to a resource efficiency audit or review of an existing audit by the National Cleaner Production Centre of South Africa (NCPC-SA).

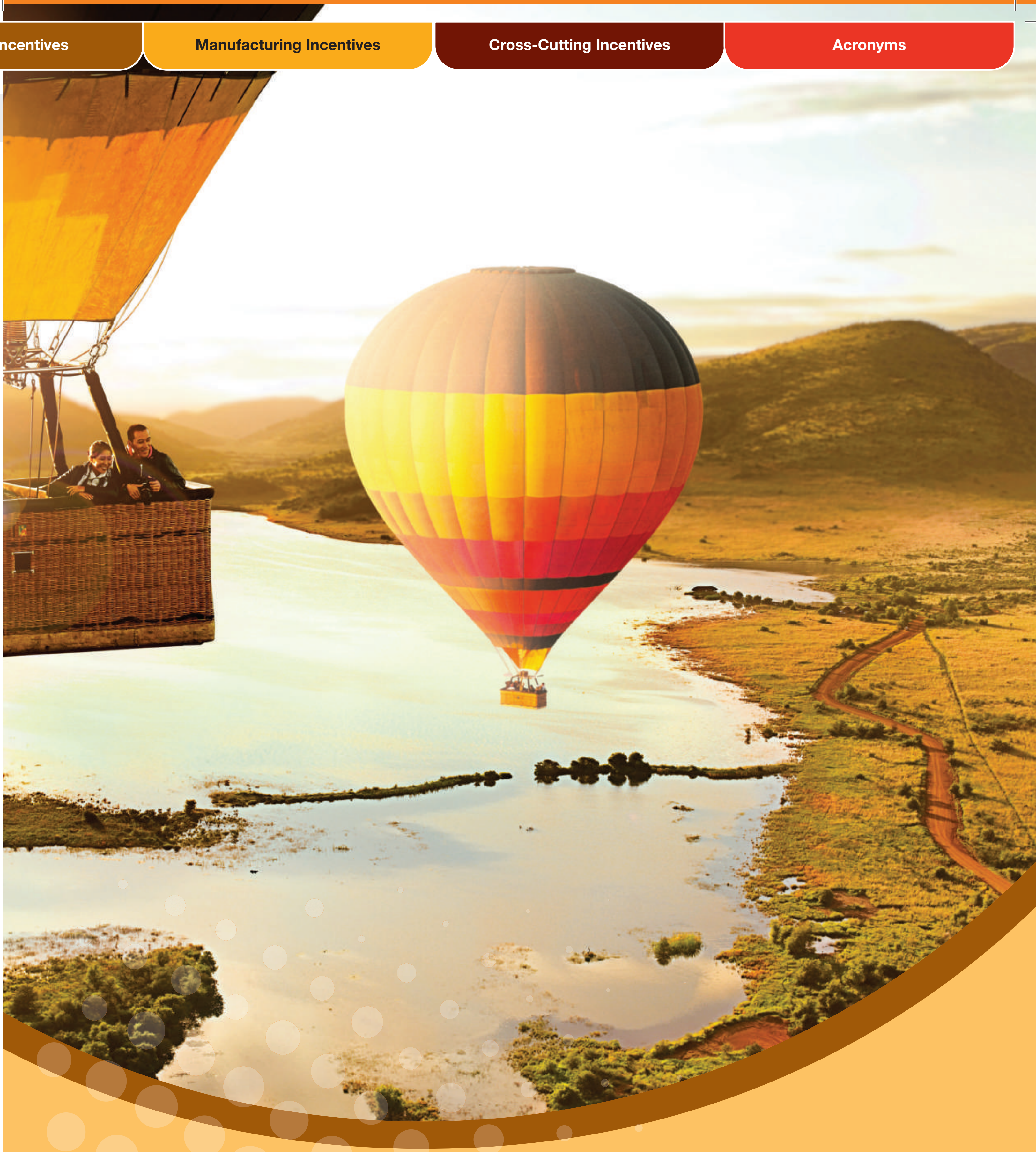
What is the benefit?

The incentive offers the following to qualifying tourism enterprises:

- 90% of the cost for a new resource efficiency audit or the full cost for reviewing an existing resource efficiency audit conducted by the National Cleaner Production Centre of South Africa
- Grant funding to qualifying small and micro enterprises on a sliding scale from 30% to 90% of the total cost of implementing qualifying resource efficiency interventions, which is capped at R1m.

More Information?

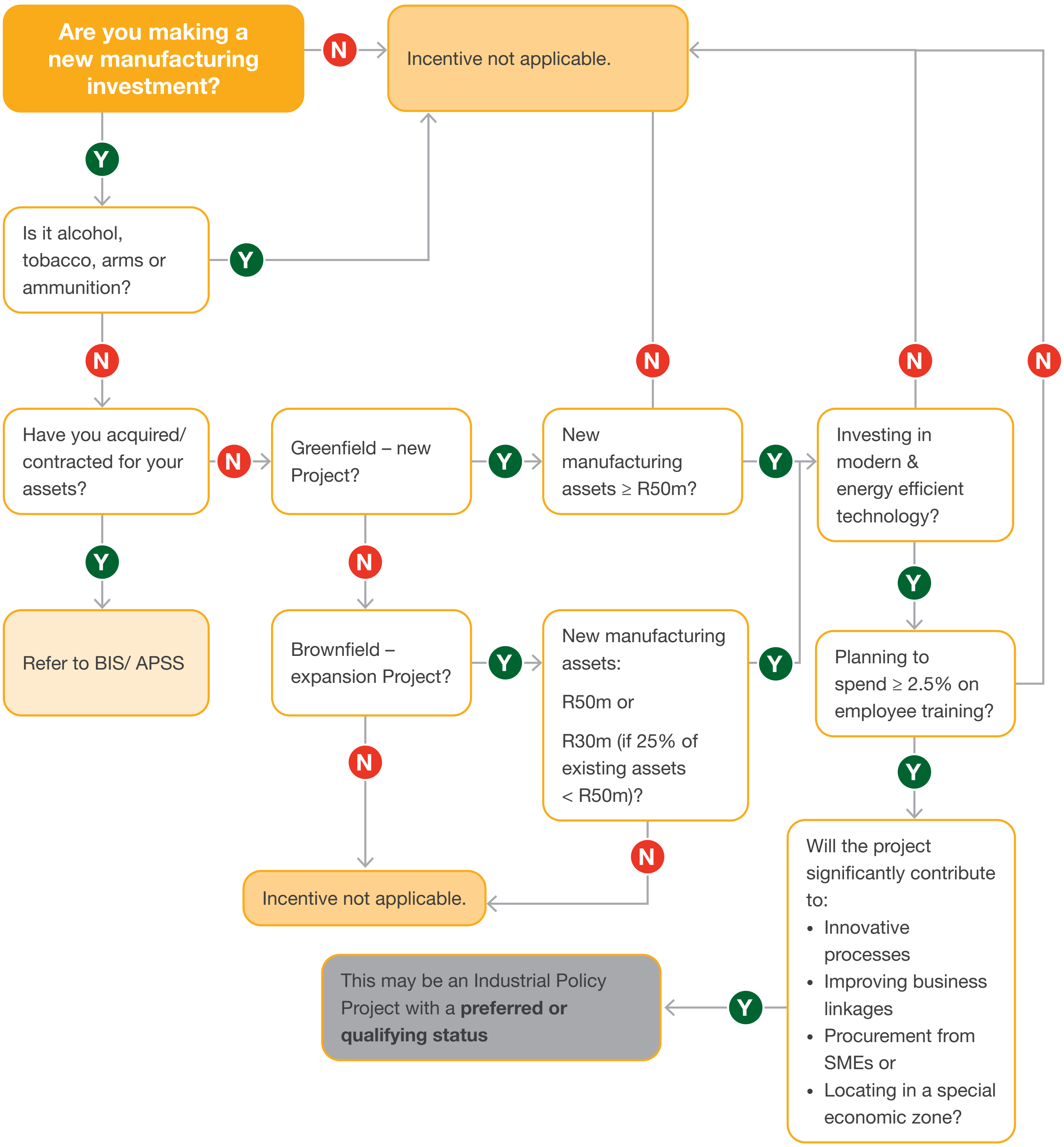
Department of Tourism
www.tourism.gov.za



Manufacturing Incentives

Additional Manufacturing Tax Allowance

Please refer to the decision tree below to assess eligibility for this incentive and potential alternative incentives that may be applicable.



Manufacturing Investment

Section 12I of the Income Tax Act - Investment and Training Allowance

What is it?

Section 12I of the Income Tax Act promotes industrial upgrading and new investment in large-scale manufacturing.

Who qualifies?

Manufacturers of products, goods, articles or other things within South Africa that are classified under "Section C: Manufacturing" in version 7 of the Standard Industrial Classification Code issued by Statistics South Africa.

Brownfield Projects
An investment of:

- R50m or
- R30m (if 25% of existing assets is <R50m).

Greenfields Projects

- A minimum investment of R50m.

All Projects

- Must invest in modern, energy efficient technology
- Spend money on upgrading skills of employees working on the project.

What is the benefit?

A tax allowance on expenditure on manufacturing assets as well as a training allowance. The percentage allowance is determined by the type of project and the extent to which the project:

- Contributes to innovative processes
- Improves business linkages
- Procures from SMEs or
- Locates in a special economic zone.

This determines whether a project achieves qualifying or preferred status.

Investment allowance

Potential Benefits			
Project	**Awarded Status**	**Percentage**	**Maximum Additional Tax Allowance**
Brownfield	Preferred	55%	R550m
	Qualifying	35%	R350m
Greenfield	Preferred	55%	R900m
	Qualifying	35%	R550m

Training allowance

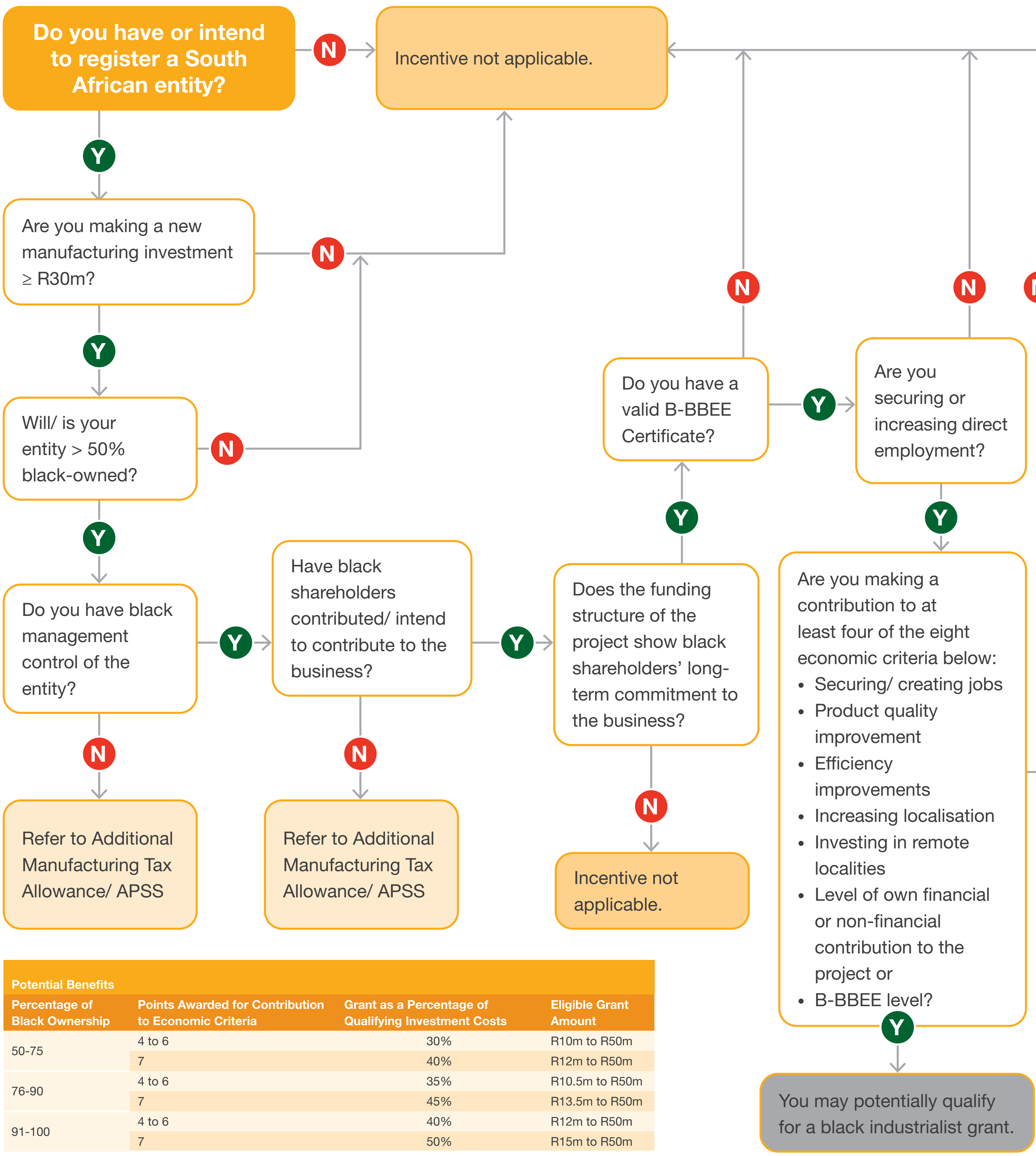
Type of Project	Awarded Status	Maximum Additional Tax Allowance	Cap Per Employee
Brownfield	Preferred	R30m	R36 000
	Qualifying	R20m	
Greenfield	Preferred	R30m	R36 000
	Qualifying	R20m	

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Black Industrialists

Please refer to the decision tree below to assess eligibility for this incentive and potential alternative incentives that may be applicable.



Potential Benefits			
Percentage of Black Ownership	**Points Awarded for Contribution to Economic Criteria**	**Grant as a Percentage of Qualifying Investment Costs**	**Eligible Grant Amount**
50-75	4 to 6	30%	R10m to R50m
	7	40%	R12m to R50m
76-90	4 to 6	35%	R10.5m to R50m
	7	45%	R13.5m to R50m
91-100	4 to 6	40%	R12m to R50m
	7	50%	R15m to R50m

Manufacturing Investment

Black Industrialist Scheme

What is it?

The Black Industrialist Scheme (BIS) aims to accelerate and increase the participation of black industrialists in the national economy, particularly in selected manufacturing sectors and value chains.

Who qualifies?

The applicant must:

- Be a black industrialist
- Be a registered legal entity in South Africa
- Be a taxpayer in good standing and must provide a valid tax clearance certificate
- Be involved in starting a new operation or expanding or upgrading an existing operation
- Have more than 50% shareholding and management control
- Be directly involved in the day-to-day running and operation and the requisite expertise
- Have a project with a minimum investment of R30m and
- Undertake a project that should result in securing and increasing direct employment.

What is the benefit?

The incentive offers a 30% to 50% cash grant of the project's qualifying investment costs, up to a maximum of R50m.

The percentage grant contribution depends on the level of black ownership and points achieved on the economic benefit criteria.

What are the qualifying costs?

- Procurement of new capital machinery and equipment on a cost-sharing basis
- Acquisition of a plant, construction of a new plant, expansion of an existing plant, or rehabilitation or replacement of part or all of an existing plant or its equipment
- Commercial vehicles used for commercial purposes linked to the production process
- Feasibility studies towards a business plan on a cost-sharing basis (maximum 3% of projected investment cost)
- Post investment support to a maximum of R500 000
- Business support including licences, quality assurance and standards, on a cost-sharing basis.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Feasibility, Research & Development Incentives

Capital Projects Feasibility Programme

What is it?

The Capital Projects Feasibility Programme (CPFP) aims to facilitate feasibility studies likely to lead to high-impact projects, which will stimulate value-adding economic activity in South Africa. The CPFP provides to facilitate feasibility studies in the manufacturing and capital goods sectors.

Who qualifies?

Entity

- Manufacturers for projects in South Africa or capital goods companies for projects outside of South Africa
- Applicant must be a South African legal entity and
- Applicant must be tax and B-BBEE compliant.

Project

- The project can be new, an expansion or rehabilitation of an existing project in the manufacturing or capital goods sectors
- The project must have a minimum local content:
  - 50% for total goods
  - 70% for total services (of which 10% must be sub-contracted to South African black-owned professionals/ services) and
- The project may be situated anywhere in the world except for South Africa for capital projects or situated in South Africa for manufacturing projects.

What is the benefit?

The incentive is a reimbursable cost-sharing grant payable as follows:

- 50% of the total feasibility study costs for capital projects outside Africa and 55% of total feasibility study costs for capital projects in Africa, excluding South Africa
- 50% of the total feasibility study costs for manufacturing projects with total assets above R30m
- 70% of the total feasibility study costs for manufacturing projects with total assets below R30m in South Africa.

The total amount of the grant will be limited to 5% of the investment project value, capped at R8m. The grant is payable in accordance to agreed milestones, predetermined at approval stage.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Automotive Investment Scheme

Light Motor Vehicle Manufacturers

What is it?

The Automotive Investment Scheme (AIS) is designed to grow and develop the automotive sector by supporting light motor vehicle (LMV) manufacturers as well as component, deemed component and tooling manufacturers by funding the investment of new and/ or replacement models and components which will increase production volume, sustain employment and strengthen the automotive value chain.

Who qualifies?

Light Motor Vehicle Manufacturers

- Must achieve a minimum of 50 000 annual units of production per plant within three years.

Component, Deemed Component and Tooling Manufacturers

- Be part of the Original Equipment Manufacturer supply chain
- Have a contract or letter of intent to supply into the LMV supply chain locally or internationally
- Achieve at least 25% of total turnover or R10m per annum by the end of first commercial production as part of the LMV supply chain.

All applicants are required to be:

- Registered as legal entities in South Africa
- Have valid tax clearance and B-BBEE certificates.

What is the benefit?

Light Motor Vehicle Manufacturers
A cost-sharing grant of 20%-30% of the qualifying manufacturing investment costs.

Component, Deemed Component and Tooling Manufacturers

- Cost-sharing grant of 25%-35% of the qualifying manufacturing investment costs
- Cost-sharing grant for competitiveness improvement costs, limited to R1m.

What costs qualify?

Investment Costs

- Owned buildings and/ or improvements to owned buildings
- New plant, machinery, equipment and tooling
- Second-hand, refurbished and upgraded plant and machinery.

Competitiveness Improvement Costs

- External costs incurred for improving products, processes, people and or systems.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Automotive Investment Scheme

Medium and Heavy Commercial Manufacturers

What is it?

The Medium and Heavy Commercial Vehicle Automotive Investment Scheme is designed to grow and develop the automotive sector by supporting medium and heavy commercial vehicle (MHCV) manufacturers as well as component, deemed component and tooling manufacturers by funding the investment of new and/ or replacement models and components which will increase production volume, sustain employment and strengthen the automotive value chain.

Who qualifies?

Truck Manufacturers and Bus Chassis Manufacturers

- An existing or new manufacturer has to comply with the complete knockdown assembly definition in note 5 of chapter 98 of the Customs and Excise Duty Act, 91 of 1964.

Component, Deemed Component and Tooling Manufacturers

- Be part of the OEM supply chain
- Have a contract or letter of intent to supply into the MHCV supply chain locally or internationally
- Achieve at least 25% of total turnover or R10m per annum by the end of first commercial production as part of the MHCV supply chain.

All applicants are required to:

- Be registered as legal entities in South Africa
- Have valid tax clearance and B-BBEE certificates.

What is the benefit?

Medium and Heavy Commercial Manufacturers
A cost-sharing grant of 20%-30% of the qualifying investment costs.

Component, Deemed Component and Tooling Manufacturers

- Cost-sharing grant of 25%-35% of the qualifying investment cost
- Cost-sharing grant for competitiveness improvement costs, limited to R1m.

What costs qualify?

Investment Costs

- Owned buildings and/ or improvements to owned buildings
- New plant, machinery, equipment and tooling.

Second-hand, refurbished and upgraded plant and machinery

- Competitiveness Improvement Costs
- External costs incurred for improving products, processes, people and or systems.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Automotive Investment Scheme

People-carrier Automotive Scheme

What is it?

The People-carrier Automotive Incentive Scheme is designed to stimulate a growth path for the people carrier vehicles industry through investment in new and/ or replacement models and components that will result in new or retention of employment and/ or strengthen the automotive vehicles value chain.

Who qualifies?

Semi Knocked Down (SKD) Vehicle Assemblers
Mono-built motor vehicles for the transport of 14 or more persons but not exceeding 35 persons (including the driver) with a vehicle mass exceeding 2 000kg, trimmed or untrimmed and painted but not fitted with engines, transmission assemblies, axles, radiators, suspension components or braking equipment.

Complete Knocked Down (CKD) Vehicle Assemblers
People-carriers for the transport of 10 or more persons but not exceeding 35 persons (including the driver) and of a vehicle mass exceeding 2 000kg.

- The floor panels, body sides or roof panels are not permanently attached to each other
- The engine and transmission assemblies, axles, radiators, suspension components, steering mechanisms, braking or electrical equipment or instrumentation are not fitted to such floor pans or chassis frames and
- The bodies/ cabs are not fitted to floor pans or chassis frames.

Component, Deemed Component and Tooling Manufacturers
- Have a contract or letter of intent to supply into the medium and heavy commercial vehicle (MHCV) supply chain locally or internationally and
- Achieve at least 25% of total turnover or R10m per annum by the end of first commercial production as part of the MHCV supply chain.

All applicants are required to:
- Be registered as legal entities in South Africa
- Have valid tax clearance and B-BBEE certificates.

What is the benefit?

SKD Vehicle Assemblers
A grant of 20% of the qualifying investment costs. An additional 5% is available to projects that can maintain base year employment levels throughout the incentive period.

CKD Vehicle Assemblers and Component Manufacturers
A grant of 25% of the qualifying investment costs. An additional 5% is available to projects that can maintain base year employment levels throughout the incentive period.

What costs qualify?

Investment Costs
- Owned buildings and/ or improvements to owned buildings
- New plant, machinery, equipment and tooling
- Second-hand, refurbished and upgraded plant, machinery and tooling.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Clothing, Textiles, Footwear and Leather

Production Incentive Programme

What is it?

The Production Incentive Programme (PIP) is part of the Clothing and Textiles Competitiveness Programme (CTCP) and makes targeted grants to grow and develop the clothing, textiles, footwear, leather and leather goods manufacturing sectors. The incentive aims to assist in the upgrading of technology, processes and products to create globally competitive companies that are able to retain and grow employment levels.

Who qualifies?

Individual companies that are:

- Clothing manufacturers
- Textile manufacturers
- Clothing and textile cut, make and trim (CMT) operators
- Footwear manufacturers
- Leather goods manufacturers
- Leather processors
- Design houses working in conjunction with CMT operators.

All applicants are required to:

- Be registered as legal entities in South Africa
- Be classifiable as manufacturing in terms of the 'Standard Industrial Classification of all Economic Activities' and the relevant chapters of the Harmonised System Code (excluding design houses)
- Have a valid tax clearance certificate
- Be bargaining council compliant where applicable
- Comply with environmental legislation.

What is the benefit?

An upgrade facility grant that has a benefit calculated at 7.5% of a company's Manufacturing Value Addition in a defined financial year.

What qualifies?

- Upgrading of existing plant and equipment
- Acquisition of new plant and equipment which will have the effect of improving the overall competitiveness of the applicant
- Developing people
- Improving manufacturing processes
- Optimising materials used
- Developing new products or
- Market development.

Part of the grant may also be used as part of a company's contribution to an industry cluster that forms part of the Clothing and Textile Competitiveness Improvement Programme.

More Information?

Industrial Development Corporation
www.ctcp.co.za

Clothing, Textiles, Footwear and Leather

Clothing and Textiles Competitiveness Improvement Programme

What is it?

The Clothing and Textiles Competitiveness Improvement Programme (CTCIP) is part of the Clothing and Textiles Competitiveness Programme (CTCP) and makes targeted grants for clusters in the clothing, textiles, footwear, leather and leather goods manufacturing sectors. The incentive aims to assist in the upgrading of technology, processes and products to create globally competitive companies that are able to retain and grow employment levels.

What is the benefit?

Ordinary Clusters
A cost-sharing grant of 75% of the costs of the cluster projects limited to R25m.

A five-year investment grant that is:
- 100% in year 1
- 95% in year 2
- 90% in year 3
- 80% in year 4 and
- 70% in year 5.

Who qualifies?

Ordinary Clusters
A network of five or more manufacturing companies or a combination of manufacturing and related organisations (e.g. retailers, design houses, component manufacturers) that are collaborating towards improving the competitiveness of each cluster member both individually and as a cluster. Ordinary Clusters must:
- Be registered as not for profit legal entities in South Africa
- Be managed by an administrator or particular organisation
- Have a memorandum of agreement detailing their plans and
- Have a management committee to be responsible for governance of the cluster.

National Cluster
A sector or sub-sector wide development initiative coordinated by a national structure that is responsible for facilitating and managing national shared resources and projects as well as overseeing regional cluster projects where applicable.

What qualifies?

Ordinary Clusters
- Upgrading of existing plant and equipment
- Acquisition of new plant and equipment which will have the effect of improving the overall competitiveness of the applicant
- Developing people
- Improving manufacturing processes
- Optimising materials used
- Developing new products or
- Market development.

National Cluster
- Skills development projects
- Research and development projects
- Incubators and
- Shared resources or facilities, e.g. testing facilities, design facilities, buying groups.

More Information?

Industrial Development Corporation
www.ctcp.co.za

Manufacturing Incentives

Sector Specific Assistance Scheme

What is it?

The incentive is aimed at supporting the development of industry sectors and those who are contributing to the growth of South African exports, while stimulating job creation.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Who qualifies?

The qualifying applicants are as follows:

- Export Councils that are established through application to the Department of Trade and Industry
- Existing registered Industry Associations that are representative of sectors or sub-sectors of industries prioritised for development and promotion by the Department of Trade and Industry
- Groups of three or more entities known as Joint Action Groups that seek to co-operate on a project in a prioritised industry.

What is the benefit?

The incentive offers a matching grant of 80% of the cost of the project, as follows:

Categories of funding	Amount of funding	Qualifying applicants
Generic funding		
Grant for establishing an Export Council	R50 000 grant	Export Councils
Matching grant based on membership income	2:1 ratio, up to R1m	Export Councils
Local advertising and publicity	80% of costs up to a maximum contribution of R500 000 per annum	Export Councils, Industry Associations and Joint Action Groups
Marketing materials	80% of costs up to a maximum contribution of R200 000 per annum	Export Councils, Industry Associations and Joint Action Groups
Local exhibition assistance	80% of costs up to a maximum contribution of R200 000 per annum	Export Councils, Industry Associations and Joint Action Groups
Project funding		
Project specific costs	Up to 80% of the cost of the project, but the Department of Trade and Industry reserves the right to determine the final percentage that will apply	Export Councils, Industry Associations and Joint Action Groups

Cross-Cutting Incentives

Feasibility, Research & Development

Feasibility, Research & Development Incentives

SMME Seed Fund Programme

What is it?

The SMME Seed Fund Programme assists small, medium and micro-sized enterprises (SMME) to advance their research outputs and ideas to develop prototypes, proof of concepts and business cases.

Who qualifies?

SMMEs with:

- Technology Readiness Level of between 3 to 7
- A valid tax clearance certificate.

What is the benefit?

Grant funding of up to R650 000 per application.

What activities qualify?

- Business plan development
- Prototype development and evaluating prototypes against customer requirements
- Turning prototypes into pre-production products (scale-up and piloting)
- Activities leading to technology co-development
- Licensing of technology to manufacturers and for distribution
- Transfer of technology for development and manufacture
- Design development and support of certification activities through the South African Bureau of Standards (SABS) or equivalent
- Purchase of hardware for scale-up from prototypes and
- Supporting IP protection maintenance costs.

How do you access funding?

Regional development agencies.

More Information?

Technology Innovation Agency – www.tia.org.za

Feasibility, Research & Development Incentives

Support Programme for Industrial Innovation

What is it?

The incentive offers financial assistance for the development of innovative products and/ or processes. The incentive is focussed on the development phase and aims to promote technology development in South Africa.

The incentive is split into two schemes, namely:
- Product Process Development Scheme and
- Matching Scheme.

Who qualifies?

Product Process Development Scheme
Small, very small and micro-enterprises and individuals.

Matching Scheme
Entities in manufacturing or related industrial services, or software development, engaged in development activities for commercialisation of the product being developed.

The percentage of qualifying costs claimable is based on the B-BBEE ownership of the applicant.

What is the benefit?

Product Process Development Scheme
A 50%-85% cost-sharing grant (depending on B-BBEE ownership level) up to R2m, for qualifying costs incurred in the pre-competitive development activities associated with a specific project.

Matching Scheme
A 50%-75% cost-sharing grant (depending on B-BBEE ownership and size of applicant) of up to R5m, based on the percentage of qualifying costs incurred in the pre-competitive development activities associated with a specific project.

What are the qualifying costs?

- Travel Expenses (defined maximum)
- Direct Material
- Capital Items and Tooling
- Software (not general software)
- Documentation
- Testing and Trials
- Licensing Costs
- Quality Assurance and Certification
- Patent Costs and
- Sub-contracting and Consulting.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Feasibility, Research & Development Incentives

Technology and Human Resource for Industry Programme

What is it?

The Technology and Human Resource for Industry Programme (THRIP) is a collaboration between government and industry, and supports research and technology development and the development of appropriately-skilled people. The incentive facilitates the collaboration of the country's best researchers, academics and industry players.

Who qualifies?

- Registered South African entities working in partnership with:
  - A higher education institution
  - Science, engineering and technology institution
  - National research facility
- The project must be applied research in the fields of science, engineering and/ or technology
- The project must include at least four students in the fourth year of study or higher in the field of science, engineering or technology that are involved and trained through the research
- The project's intention should be to create new knowledge into a process or product or the transfer of existing knowledge
- The project must have clearly defined scientific and technology outputs, plus human resource outputs expected for each year of support
- The project must demonstrate causality, implementation and additionality.

What is the benefit?

A cost-sharing grant of up to a R8m per annum for a period of three years for approved projects.

THRIP funds different percentages as follows:

- 50% grant for large enterprises and industry associations
- 75% grant for SMMEs
- 80% grant for SMMEs with level 2 B-BBEE contributor status
- 90% grant for SMMEs with level 1 B-BBEE contributor status or partnering with a historically disadvantaged higher education institution.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Feasibility, Research & Development Incentives

Section 11D Research and Development Tax Deduction

What is it?

The objective of the incentive is to encourage South African companies to invest in scientific or technological R&D activities in South Africa.

Who qualifies?

South African registered entities conducting systematic investigative or systematic experimental activities of which the result is uncertain for the purposes of:

- Discovering non-obvious scientific or technical knowledge
- Creating or developing an invention, functional design, a computer programme and knowledge
- Making significant improvement to an invention, functional design, computer programme or knowledge
- Creating or developing a multisource pharmaceutical product and
- Conducting clinical trials.

What is the benefit?

A super tax deduction of 150% for qualifying R&D expenditure.

Qualifying expenditure

- Labour costs of personnel directly engaged in R&D
- Materials consumed in conducting experiments/ investigations
- Prototypes and pilot plants used in experiments involved in R&D and
- Overheads solely related to approved R&D activities water, gas, electricity, etc.

More Information?

The Department of Science and Innovation
www.dst.gov.za

Infrastructure Development

Infrastructure Incentives

The Agri-Parks Programme

What is it?

An Agri-Park is an economic zone that integrates a network of agro-production, agro-processing, logistics, marketing, training, and extension services in order to improve the competitiveness of the agricultural sector, promote rural development and transformation.

An Agri-Park has three main components:

- Farmer Production Support Unit for support of primary agricultural activity
- Agri-Hub for the processing and value-addition to agricultural produce
- Rural Urban Market Centre for local market access for agricultural products.

Who qualifies?

Agri-Parks are farmer owned (70%) and controlled. The proposed areas are listed in the adjacent tables.

What is the benefit?

There are Agri-Parks in 44 district municipalities offering agro-production, processing, logistics, marketing, training and extension services and will be supported by government over ten years through specialist infrastructure and funding.

More Information?

Department of Rural Development and Land Reform
ww.ruraldevelopment.gov.za

27 Priority Districts

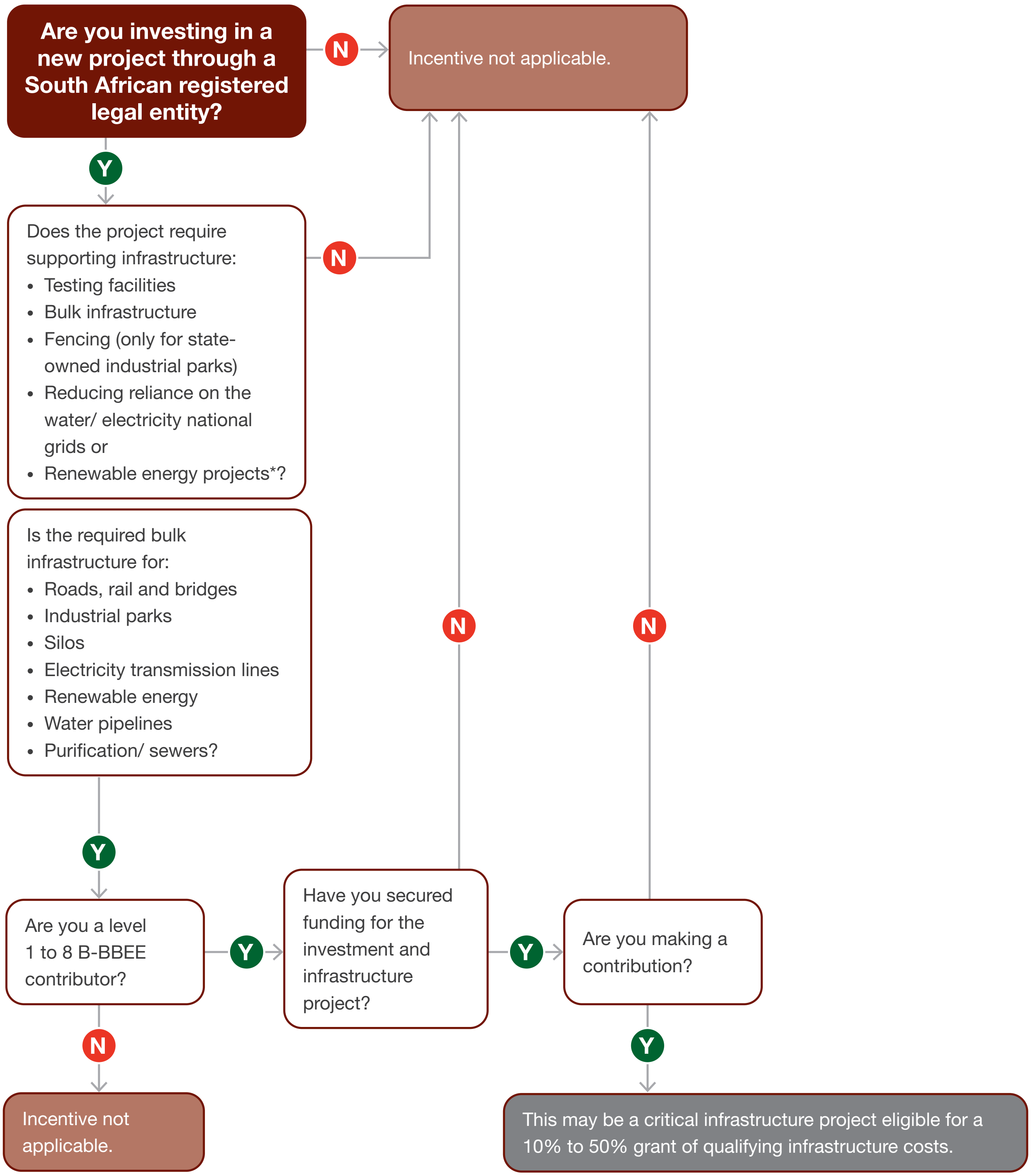
Province	District Municipality	Proposed Agri-Park
Eastern Cape	OR Tambo	Lambasi (Port St Johns)
	Chris Hani	Ncora
	Amathole	Butterworth
	Joe Gqabi	Sterkspruit
	Alfred Nzo	Cedarville
KwaZulu-Natal	Amajuba	Dannhauser
	Harry Gwala (Sisonke)	Ebuta Farm
	Zululand	Vryheid
	iLembe	KwaDukuza (Stanger)
	Ugu	Horseshoe Farm
	Umgungundlovu	Umgeni
	Umkhanyakude	Mkuze
	Umzinyathi	Dundee
	Uthungulu	Eshowe
	Uthukela	Bergville
Limpopo	Vhembe	Nwanedi
	Mopani	Tzaneen
	Sekhukhune	Groblersdal
	Capricorn	Ga-poopedi
	Waterberg	Modimolle
North West	Bojanala	Makapanstad
	Dr Ruth Segomotsi Mompati	Vryburg
	Ngaka Modiri Molema	Sringbokpan
Northern Cape	John TaoloGaetsewe	Kuruman
Mpumalanga	Ehlanzeni	Bushbuckridge
Free State	Xhariep	Springfontein
Gauteng	West Rand	Randfontein (Brandvlei)

17 Districts

Province	District Municipality	Proposed Agri-Park
Eastern Cape	Sarah Baartman (Cacadu)	Addo
Northern Cape	Namakwa	Springbok
	ZF Mgcawu (Siyanda)	Melkstroom (Upington)
	Pixley kaSeme	Petrusville
	Frances Baard	Magareng
North West	Dr Kenneth Kaunda	Klerksdorp
Gauteng	Sedibeng	Rietkuil
Mpumalanga	Gert Sibande	Mkhondo (Piet Retief)
	Nkangala	Kameelpoort A
Free State	Thabo Mofutsanyane	Tshiame (Harrismith)
	Lejweleputswa	Wesselsbron
	Fezile Dabi	Parys
	Mangaung	Thaba Nchu
Western Cape	Cape Winelands	Ceres
	Central Karoo	Beaufort West
	Eden	Oudtshoorn
	Overberg	Bredasdorp
	West Coast	Vredendal

Critical Infrastructure

Please refer to the decision tree below to assess eligibility for this incentive and potential alternative incentives that may be applicable.



* Renewable energy projects not linked to the Renewable Energy Independent Power Producer Procurement Programme

Infrastructure Incentives

Critical Infrastructure Programme

What is it?

The Critical Infrastructure Programme (CIP) aims to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business in the Industrial Policy Action Plan (IPAP) priority sectors.

Who qualifies?

South African registered entities or municipalities investing in infrastructure:

- that enables the investor to undertake a defined fixed investment, or the expansion or refurbishment of the existing fixed investment
- that enables the establishment of new/ upgrading infrastructure and fencing of state-owned industrial parks
- for renewable energy projects that are not under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)
- for investment that alleviates water and/ or electricity dependency on the national grid or
- development costs to distressed municipalities, state-owned aerospace and defence national strategic testing facilities and state-owned industrial parks.

The applicant must be B-BBEE and tax compliant.

What is the benefit?

The CIP offers a cost-sharing cash grant to the maximum of R50m, with the CIP contribution being:

- 10%-30% of the total qualifying infrastructural development costs for bulk infrastructure that catalyses a particular fixed investment project
- 10%-50% of the total qualifying infrastructural development costs for agro-processing projects or projects by state-owned aerospace and defence national testing facilities
- 10%-50% of the total qualifying infrastructural development costs for projects that alleviate dependency on the national water and/ or electricity grid and
- 100% grant for infrastructural developmental costs to distressed municipalities and state-owned industrial parks.

What are the qualifying costs?

- Costs incurred directly in the design, installation, construction and erection of the infrastructure
- Costs incurred by the applicant in the payment of third parties contracted to undertake the project
- Infrastructure commissioning costs
- Costs related to the refurbishment of buildings within industrial parks and
- Any costs, which the Adjudication Committee in its sole discretion may deem as qualifying.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Infrastructure Incentives

Special Economic Zone

What is it?

A Special Economic Zone (SEZ) is a geographically designated area set aside for specifically targeted clusters or industries, supported through special arrangements and support systems different from those that apply in the rest of the country in order to promote industrial development and foreign direct investment.

Who qualifies?

A qualifying company is a company that is:

- Carrying on a business in a SEZ designated by the Minister of Trade and Industry and approved by the Minister of Finance
- Incorporated or effectively managed in South Africa
- Carrying on business from a fixed place of business within a SEZ
- At least 90% of the income must be derived from carrying on of business within a SEZ and
- No more than 20% of the deductible expenses incurred or 20% of the income received by or accrued to the company are from transactions with connected persons that are residents or with non-residents those transactions must be attributable to a permanent establishment in South Africa.

What is the benefit?

SEZs offer a number of attractive incentives:

- A preferential 15% corporate tax rate
- An accelerated building allowance of 10% per annum
- An employment allowance per job created
- A customs secure area, offering a duty rebate and VAT exemption for importing production related raw materials including machinery and assets to be used in the manufacturing of products that will be exported (it may also include VAT suspension under certain circumstances for supplies sourced in South Africa as well as an expedited customs administration process)
- Section 12I tax allowance for industrial policy projects, providing for projects that achieve a qualifying or preferred status to receive an additional investment allowance of 75% or 100%, respectively, of the cost of their new manufacturing assets with an allowance of up to R900m depending on the status of the project (the entity may also deduct an additional training allowance of R36 000 per employee, for training costs incurred) and
- A One Stop Shop offering assistance with services such as planning requirements, licensing, utilities, financing and environmental compliance.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Infrastructure Incentives

Social Housing Regulatory Authority Restructuring Capital Grant

What is it?

The Social Housing Regulatory Authority (SHRA) Restructuring Capital Grant aims to contribute towards spatial, social and economic restructuring of South African cities by contributing to the capital cost of social housing projects that provide affordable rental housing to the poor.

Who qualifies?

Projects that:

- Are located in a Restructuring Zone in terms of the Social Housing Policy Guidelines and Act of 2008
- Meet social housing policy objectives and
- Are supported by the provincial and local governments.

What is the benefit?

Standard grant is R125 615 per unit.

More Information?

Social Housing Regulatory Authority
www.shra.org.za

Infrastructure Incentives

Technology Innovation Stations

What is it?

Technology Innovation Stations provide access to world-class engineering services and expertise from various universities and industries for technology small and medium-sized enterprises (SMEs) to develop their products, processes and services.

Technology Innovation Stations can be found at tertiary institutions across the country.

Who qualifies?

SMEs in various sectors ranging from agro-processing, chemicals, clothing and textiles, automotive and tooling with science, engineering and technology requirements.

What is the benefit?

The Technology Innovation Stations provide access to engineering and technology development services from selected higher education institutions in South Africa.

What are the qualifying projects?

- Applied development, engineering and design
- Rapid prototyping and manufacturing
- Consultation, technology audit and feasibility study
- Process or product improvement
- Testing and analytical services
- Research and development and
- Technology demonstration and training.

More Information?

Technology Innovation Agency
www.tia.org.za

Competitiveness Enhancement

Competitiveness Enhancement – Exports

Export Marketing & Investment Assistance Scheme

What is it?

The Export Marketing & Investment Assistance Scheme assists in the development of export markets for South African products and services and to recruit new foreign direct investment into the country. The scheme has three key components:

Individual Exhibitions
Assistance for South African exporters to participate in trade exhibitions internationally.

Primary Market Research and Foreign Direct Investment
Assistance to entities recruiting potential buyers of their products and services or potential investors into their operations in South Africa.

Individual Inward Mission
Assistance to entities to host in South Africa potential buyers of their products and services or potential investors into their operations in South Africa.

Who qualifies?

- South African manufactures and exporters
- South African export trading houses representing at least SMMEs or businesses owned by HDIs
- South African commission agents representing at least three SMMEs/ HDI-owned businesses and
- South African export councils, industry associations and Joint Action Groups representing at least five South African entities.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

What is the benefit?

Scheme	Primary Market Research		Individual Exhibition		Inward Mission	
Entity Size	SMME	Large	SMME	Large	SMME	Large
Airfare	R17 000 (100%)	R0	R17 000 (100%)	R0	R17 000 (100%)	R8 750 (100%)
Subsistence	R2 300 per day (10 days)	R2 300 per day (10 days)	R2 300 per day (15 days)	R0	R2 300 per day (5 days)	R2 300 per day (5 days)
Transport of Samples	R1 000	R1 000	R17 500	R0	-	-
Marketing Materials	R10 000	R10 000	R10 000	R0	-	-
Product Registration	R100 000 (50%)	R100 000 (50%)	R100 000 (50%)	R0	-	-
Exhibition Costs	-	-	R75 000 Africa/ R50 000 Rest of World	R75 000 Africa/ R50 000 Rest of World	-	-
Car Rental	-	-	-	-	R300 per day (5 days)	R300 per day (5 days)
Total Per Event	R151 000	R134 000	R254 000	R75 000	R30 000	R21 750
Total Per Annum	R604 000	R536 000	R1 016 000	R300 000	R120 000	R87 000

Competitiveness Enhancement – Clean Production

Energy Efficiency Deduction – Section 12L of the Income Tax Act

What is it?

The incentive promotes the efficient use of energy as a means to safeguard the security of supply.

Who qualifies?

- Entities that are able to show energy efficiency based on an established energy consumption baseline
- Data must be measurable, traceable and verifiable.

What is the benefit?

- Tax allowance of 95c/kilowatt hour (kWh) energy saving
- The deduction is dependent on an “energy efficiency savings certificate” issued from the South Africa National Energy Development Institute (SANEDI).

How is the energy saving calculated?

The following formula is used to calculate the energy savings:

A = B x C

Where:

A represents the amount to be determined

B represents the energy efficiency savings expressed in kWh

C represents 95c/kWh (previously 45c/kWh).

More Information?

South African Revenue Service
www.sars.gov.za

Competitiveness Enhancement – Clean Production

Global Cleantech Innovation Programme

What is it?

The Global Cleantech Innovation Programme (GCIP) is an initiative aimed at promoting clean technology innovations and supporting entrepreneurs in growing SMMEs and start-ups into viable, investment-ready businesses.

Who qualifies?

Innovative start-ups and SMMEs with innovative clean technology solutions that:

- Are new and ground-breaking or an adaptation of existing clean technologies
- Have protectable intellectual property
- Are at proof-of-concept stage up to pre-commercialisation stage
- Demonstrate feasible concepts and products and
- Show potential for commercialisation.

What is the benefit?

- Training
- Mentoring
- Access to capital
- Showcasing and
- Cash rewards.

More Information?

Technology Innovation Agency
www.tia.org.za

Competitiveness Enhancement – Clean Production

Green Fund

What is it?

The Green Fund seeks to support green initiatives to assist South Africa's transition to a low carbon, resource efficient and climate resilient development path while delivering high impact economic, environmental and social benefits.

Who qualifies?

The Green Fund considers opportunities within funding windows as and when they open for applications. The factors that are considered are:

- Relevance to the priority areas of the Green Fund
- Innovation in technology, business model, institutional arrangement or financing approach
- Additionality and
- Ability to scale-up and/ or replicability by which the project has the potential to be rolled-out to other sites and/ or implemented at a large scale.

What is the benefit?

Financial support may take the form of:

- Grants (recoverable and non-recoverable)
- Loans (concessional rates and terms) and
- Equity.

More Information?

Green Fund
www.sagreenfund.org.za

Competitiveness Enhancement – Job Creation

Jobs Fund

What is it?

The objective of the Jobs Fund is to co-finance public and private sector projects with the potential to contribute significantly to sustainable job creation and to find innovative solutions to employment creation within the following categories:

- Enterprise development
- Infrastructure development
- Institutional capacity building and
- Support for work seekers.

The Jobs Fund is a challenge fund that opens for applications at particular application windows or intervals. Additional support categories may be prioritised in different application windows.

Who qualifies?

Public, private and non-governmental organisations that will significantly contribute to job creation.

What is the benefit?

A 50% matching grant of between R10m and R100m.

More Information?

Jobs Funds
www.jobsfund.org.za

Competitiveness Enhancement – Job Creation

Employment Tax Incentive

What is it?

The incentive is aimed at encouraging employers to hire young work seekers.

Who qualifies?

The employer is eligible to claim the incentive if the employer is:

- Registered for employees' tax (PAYE), or must be eligible to register for PAYE
- Not in the national, provincial or local sphere of government
- Not a public entity listed in Schedule 2 or 3 of the Public Finance Management Act (other than those public entities designated by the Minister of Finance by Notice in the Gazette)
- Not a municipal entity and
- Not disqualified by the Minister of Finance due to the displacement of an employee or by not meeting the conditions as may be prescribed by the Minister by regulation.

What is the benefit?

The incentive reduces the employer's cost of hiring young people through a cost-sharing mechanism, by allowing the employer to reduce the amount of PAYE paid while leaving the wage received by the employee unaffected.

The employer may deduct the employment tax incentive from the employees' tax due at the end of each month for employees earning less than R6 001 per month and that are:

- between the ages of 18 and 29 years
- employed by an employer located in a special economic zone (SEZ) or
- employed by an employer in a designated industry.

Monthly remuneration	Monthly incentives for "First 12 Months"	Monthly incentives for "Next 12 Months"
R0 - R2 000	50% of monthly remuneration	25% of monthly remuneration
R2 001 - R4 000	R1 000	R500
R4 001 - R6 000	R1 000 - (0.5 x (monthly remuneration - R4 000))	R500 - (0.25 x (monthly remuneration - R4 000))

Employers will be able to claim the incentive for a 24-month period for all employees who qualify.

More Information?

South African Revenue Service
www.sars.gov.za

Competitiveness Enhancement – Skills Development

Section 12H of the Income Tax Act (Learnership Allowance)

What is it?

Section 12H of the Income Tax Act provides employers with an additional deduction in respect of learnership agreements.

Who qualifies?

Employers that are party to registered learnership agreements with a learner who holds a qualification with a National Qualifications Framework (NQF) Act level (1 up to and including 6), in accordance with the NQF Act, 2008.

Employers
Where one employer is party to a registered learnership agreement or if there is more than one employer party to the registered learnership agreement, the employer that is identified is the lead employer.

Learner
A learner as defined in section 1 of the Skills Development Act, 1998 (SDA).

Registered Learnership Agreement
A learnership agreement that is registered in accordance with the SDA and entered into between a learner and an employer before 1 April 2022.

What is the benefit?

Additional training allowance deduction for qualifying learnerships of R40 000 per learner.

For learners who have been employed for less than 12 months in the year of assessment, an apportioned amount based on the number of months the learner was employed for applies.

More Information?

South African Revenue Service – www.sars.gov.za

Competitiveness Enhancement – Technology Innovation

Technology Innovation Cluster Programme

What is it?

The Technology Innovation Cluster Programme (TICP) aims to fund technology development by facilitating an enabling environment for the advancement of technology innovation and commercialisation by adopting a value chain approach and catalysing collaborations amongst value chain players.

TICP addresses national priorities or areas of strategic social and economic importance through the utilisation of technology innovation.

Who qualifies?

- Public research institutions
- Entrepreneurs
- Companies
- Suppliers
- Manufacturers (both competing and co-operating).

The above-mentioned qualifying institutions must focus on a project in a particular industry.

What is the benefit?

- Funding of technology development in a programmatic framework
- Identification and support of key interventions within the value chain
- Facilitation of the creation and expansion of local production capacity
- Enhancement of collaboration and networking
- Enablement of incubation services and
- Leveraging of funds from local foreign sources.

More Information?

Technology Innovation Agency – www.tia.org.za

Enterprise Development

Enterprise Development Incentives

Black Business Supplier Development Programme

What is it?

The Black Business Supplier Development Programme (BBSDP) is designed for black-owned small enterprises to help them improve their competitiveness and sustainability to become part of the mainstream economy and create employment. The programme is aimed at formal black enterprises that have the potential and/ or capacity to supply goods or services to public and private sector corporations on a sustainable basis.

Who qualifies?

Enterprises are required to:

- Be predominantly (51%) black-owned
- Have a predominantly (50%) black management team
- Be operating for at least one year as a business
- Have a turnover of R250 000 to R35m per year
- Be registered for VAT and
- Be registered and compliant with the Central Supplier Database (CSD).

What is the benefit?

The programme offers grants capped at R1m per application towards qualifying costs on a cost-sharing basis.

Qualifying costs-sharing basis:

- R800 000 for equipment, machinery and tools on a 50:50 cost-sharing basis with the enterprise and
- R200 000 for business development and training interventions on an 80:20 cost-sharing basis with the enterprise.

Business Development and Training Interventions

The R200 000 incentive for business development and interventions is granted to help enterprises improve their:

- Corporate governance
- Management
- Marketing
- Productivity and
- The use of modern technology.

Expenditure not eligible for funding includes:

- Office equipment, furniture and computer hardware costs
- Land and buildings
- Working capital
- Training programmes that exceed five weeks or 160 notional hours
- Design and printing of marketing material
- Long-term, formal training
- Interventions already funded by another government scheme or parastatal and
- Vehicles.

More Information?

The Department of Trade and Industry
www.thedti.gov.za

Enterprise Development Incentives

Co-operative Incentive Scheme

What is it?

The Co-operative Incentive Scheme (CIS) is a 100% grant offered to registered primary co-operatives. The scheme is designed to improve the competitiveness and sustainability of co-operative enterprises by lowering their cost of doing business and helping historically disadvantaged communities (HDCs) enter the mainstream economy.

Who qualifies?

Co-operatives are eligible if they meet the requirements below:

- Must be incorporated and registered in South Africa in terms of the Co-operatives Act of 2005
- Must be emerging co-operatives with a majority black ownership
- Must have projects in any of the different economic sectors
- Must adhere to co-operative principles
- Must be owned by HDIs and
- Must be biased towards women, youth and people with disabilities.

What is the benefit?

This is a 90% grant for registered primary co-operatives to the maximum of R350 000.

What costs qualify?

- Business development services
- Working capital
- Technological improvements
- Machinery, equipment and tools
- Project linked infrastructure and
- Commercial vehicles.

More Information?

The Department of Small Business Development
www.dsbd.gov.za

Enterprise Development Incentives

Enterprise Incubation Programme

What is it?

The Enterprise Incubation Programme (EIP) is a market-driven Technology Business Acceleration initiative designed to help develop start-up enterprises and co-operatives to supply goods and services to local markets.

Who qualifies?

South African registered enterprises that are tax compliant and have vast experience in the development and mentoring of start-up entities and co-operatives with the potential to supply goods and services to firms within the local economy on a sustainable basis.

The programme funds small-scale manufacturing enterprises and co-operatives through access to:

- Skills and support infrastructure
- Market access
- Business development support and
- Best practice standards.

What is the benefit?

- The benefit is a grant of between R5m to R10m
- 100% funding for the pilot year, thereafter a grant of 90% of the costs of the incubator
- The incentive provides a 100% benefit capped at R1.5m towards feasibility studies.

More Information?

The Department of Small Business Development
www.dsbd.gov.za

Enterprise Development Incentives

Informal and Micro Enterprise Support Programme

What is it?

The programme seeks to uplift informal businesses and to address the developmental void at the SMME level.

Who qualifies?

The programme prioritises women, youth and people with disabilities who own businesses based in townships, rural areas and depressed areas in towns and cities that are informal or micro enterprises.

What is the benefit?

50:50 cost-sharing grant to a maximum of R5m, to be disbursed as per agreed milestones.

What are the eligible activities?

- Skills development
- Marketing and branding
- Product improvements
- Technology support
- Stock, raw materials and supplies
- Tools, machinery and equipment
- Basic compliance
- Organisational development support
- Governance
- Management training
- Operational systems and policy development
- Information technology
- Projects support and
- Basic office infrastructure and technology.

More Information?

The Department of Small Business Development
www.dsbd.gov.za

Enterprise Development Incentives

Innovation and Partnership Programme

What is it?

The Innovation and Partnership Programme (IPP) is designed to foster partnerships with stakeholders for developing small businesses. The small businesses must become competitive suppliers within the value chains of private and public sectors.

Who qualifies?

Small business that:

- Have a track record in operating sector
- Are at least 51% black-owned and
- Demonstrate an existing market to be serviced.

What is the benefit?

Feasibility studies

- A maximum of R3m per project.

Partnerships

- 50:50 cost-sharing grant capped at R15m.

More Information?

The Department of Small Business Development
www.dsbd.gov.za

Enterprise Development Incentives

Start-up Enterprise Development Programme

What is it?

The programme provides support to start-up enterprises based in townships or rural areas.

Who qualifies?

Small businesses that:

- Are located in townships or rural areas
- Are 100% owned by South African women, youth or people with disabilities and
- Have the potential or capacity to supply goods and services to public and private sector entities.

What is the benefit?

The minimum amount that an applicant can apply for is R50 000. A 100% grant is limited at R200 000 per beneficiary.

More Information?

The Department of Small Business Development
www.dsbd.gov.za

Enterprise Development Incentives

National Gazelles Programme

What is it?

The aim of the programme is to identify and support small and medium-sized enterprises (SMEs) with growth potential through a comprehensive range of business growth-oriented programmes, activities and partnerships. Through its combination of financial and non-financial support, the National Gazelles Programme aims to assist members to grow faster and more profitably than they would normally do.

Who qualifies?

SMEs that are:
- Owned and operated by South Africans
- Turnover of between R1m and R30m
- Trading for two or more years
- Employ two or more people.

SMEs that are operating in these industry sectors:
- Agriculture and agri-processing
- Construction
- Energy and green economy
- Health and bio-sciences
- Information and communications technologies
- Manufacturing
- Media
- Marketing and creative
- Mining
- Metals and engineering
- Tourism
- Transport and
- Logistics.

What is the benefit?

- Customised business mentorship, support and coaching
- Participation in international trade and business visits
- Access to special products, services and benefits
- Facilitated access to funding for growth and expansion
- Access to a library of online tools and business resources and
- Procurement opportunities from state-owned enterprises and other companies.

More Information?

Small Enterprise Development Agency
www.seda.org.za

Enterprise Development Incentives

Strategic Partnership Programme

What is it?

The Strategic Partnership Programme (SPP) aims to encourage large sector enterprises (strategic partners) to support and nurture SMMEs and to ensure that, within three years, they are self-sustainable by providing locally manufactured goods and/ or services.

Who qualifies?

A strategic partner is a South African registered legal entity with a minimum turnover of R100m per annum.

Strategic partners are required to be:

- Registered as legal entities
- Have a valid tax clearance certificate and
- Have a valid B-BBEE certificate.

SMMEs supported by the strategic partner are required to be:

- South African registered entities
- Involved in manufacturing, agro-processing, mineral beneficiation and manufacturing related services sectors and
- Predominately (51%) black-owned.

What is the benefit?

The programme offers a cost-sharing grant between the government and private sector strategic partners towards manufacturing projects by SMMEs.

The cost-sharing grant is available over a three-year period. It is capped at R15m per financial year towards total qualifying costs, based on the number of qualifying suppliers to be supported.

- 3 to 5 suppliers, maximum of R5m
- 6 to 8 suppliers, maximum of R7.5m
- 8 to 15 suppliers, maximum of R10m
- 16 to 24 suppliers, maximum of R12m
- 25 suppliers and above, maximum of R15m.

Cost-sharing support:

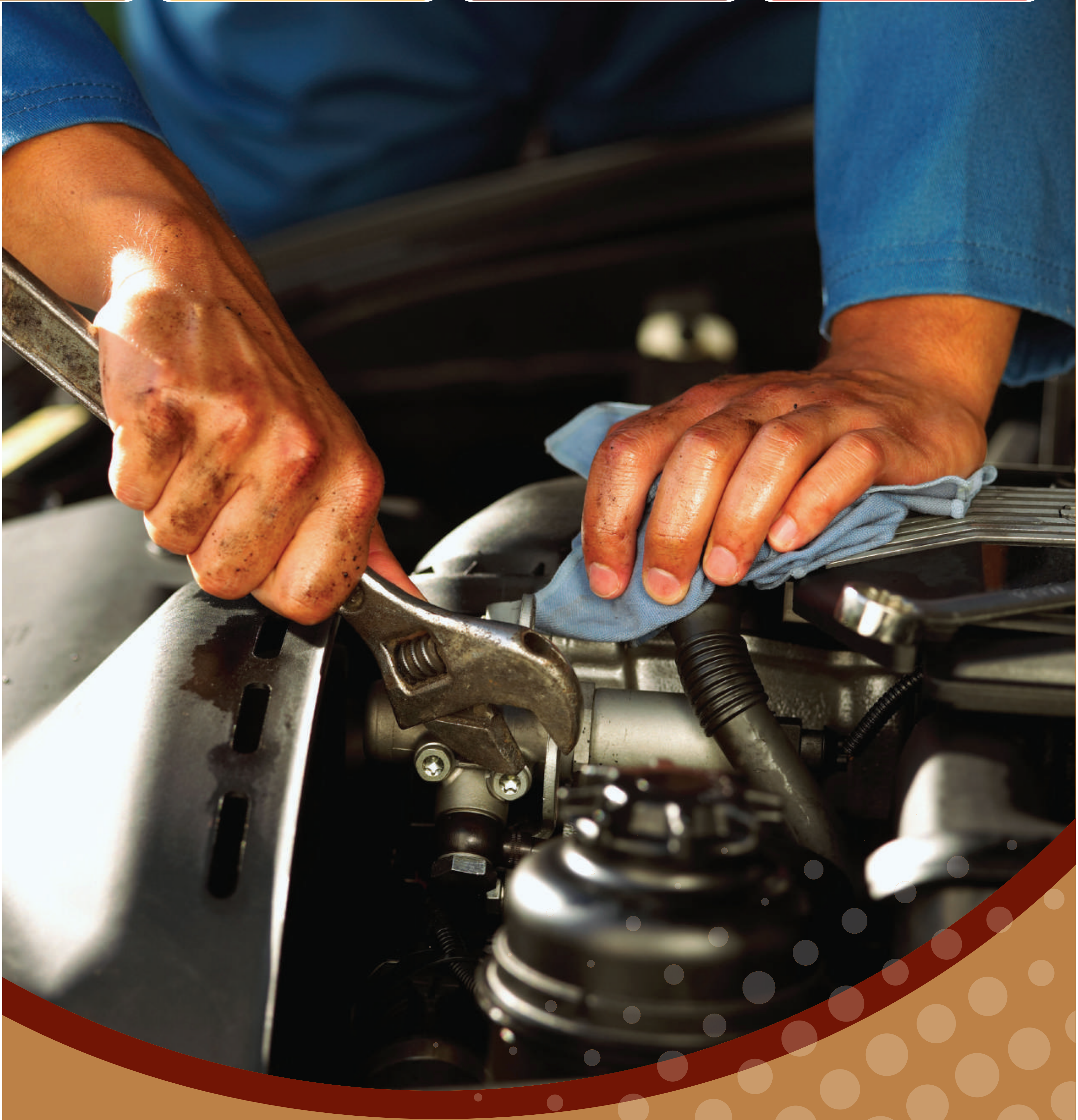
- 50:50 towards manufacturing projects
- 70:30 towards for supply chain related services.

What costs qualify?

- Machinery, equipment and tools
- Infrastructure
- Commercial vehicles
- Business development services
- Product or service development
- Operational costs and
- Information and communications technology.

More Information?

The Department of Trade and Industry
www.thedti.gov.za



Acronyms

ADEP	Aquaculture Development and Enhancement Programme
AIS	Automotive Investment Scheme
APSS	Agro-Processing Support Scheme
B-BBEEE	Broad-Based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
BIS	Black Industrialist Scheme
CASP	Comprehensive Agricultural Support Programme
CIP	Critical Infrastructure Programme
CIS	Co-operatives Incentive Scheme
CKD	Complete Knocked Down
CMT	Cut, make and trim
CPFP	Capital Projects Feasibility Programme
CSD	Central Supplier Database
CTCIP	Clothing and Textile Competitiveness Improvement Programme
CTCP	Clothing and Textiles Competitiveness Programme
DAC	Department of Arts and Culture
EIP	Enterprise Incubation Programme
EMIA	Export Marketing & Investment Assistance Scheme
ETI	Employment Tax Incentive
GBS	Global Business Services
GCIP	Global Cleantech Innovation Programme
GTIP	Green Tourism Incentive Programme
HDC	Historically Disadvantaged Community
HDI	Historically Disadvantaged Individual
IP	Intellectual Property
IPAP	Industrial Policy Action Plan
IPP	Innovation and Partnership Programme
LMV	Light motor vehicle
MDDA	Media Development and Diversity Agency
MGE	Mzansi Golden Economy
MHCV	Medium and Heavy Commercial Vehicles
NCPC	National Cleaner Production Centre
NQF	National Qualifications Framework
OEM	Original Equipment Manufacturer
PAYE	Pay-As-You-Earn
PIP	Production Incentive Programme
QSAPE	Qualifying South African Production Expenditure
QSAPPE	Qualifying South African Post-Production Expenditure
R&D	Research and Development
RCG	Social Housing Regulatory Authority Restructuring Capital Grant
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
SABS	South African Bureau of Standards
SANEDI	South African National Energy Development Institute
SDA	Skills Development Act
SEDP	Start-up Enterprise Development Programme
SEZ	Special Economic Zone
SHRA	Social Housing Regulatory Authority
SIC	Standard Industrial Classification
SKD	Semi Knocked Down
SME	Small and medium-sized enterprise
SMME	Small, medium and micro-sized enterprise
SPP	Strategic Partnership Programme
SSAS	Sector Specific Assistance Scheme
TGCSA	Tourism Grading Council of South Africa
THRIP	Technology and Human Resource for Industry Programme
TICP	Technology Innovation Cluster Programme
VAT	Value Added Tax

National One Stop Shop

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