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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Automotive Incentive Scheme Interpretation - Note 01/2015

Subject: Introduction of B-BBEE Compliance Requirements for the Automotive Investment Scheme (AIS) and its sub-programmes

Effective Date: 04 December 2015

1. PURPOSE

This interpretation note serves to address the below mentioned additional provisions (number 2 below) on the Automotive Investment Scheme (AIS) and its sub-programmes, the People-carrier Automotive Investment Scheme (P-AIS) and the Medium and Heavy Commercial Vehicles Automotive Investment Scheme (MHCV-AIS).

2. INTERPRETATION

2.1 Sections 4 and 12 of the AIS guidelines have been amended to include compliance to Broad-Based Black Economic Empowerment (B-BBEE) as follows:

Section 4.4 of the AIS guidelines has been amended as follows:

2.1.1 *“The applicant must submit a business plan with a detailed marketing and sales plan, a production plan, budget and projected financial income statement, cash flow statement and balance sheet, for a period of at least three (3) years for the project and **a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 8).**”*

Light motor vehicle manufacturers and component manufacturers who are considered as exempt micro enterprises (those with a turnover of R10 million and below) as per Section 4 of the Broad-Based Economic Empowerment Amendment Act, 2013 (Annexure C), must submit the latest financial statements verified by an independent external accredited person.

Applicants that are non-complaint will only be considered under special circumstances if they submit a plan on how they will achieve compliance by March 2017.

2.1.2 Section 12.4.3.4 on claims submission has been amended as follows:

*“A valid B-BBEE verification certificate **reflecting compliance to the B-BBEE Codes of Good Practice (i.e. B-BBEE levels 1 to 8).**”*

B-BBEE certificates indicating non-compliance to B-BBEE Codes of Good Practice will result in the cancellation of the claim.

2.2 Sections 4 and 12 of the P-AIS guidelines have been amended to include compliance to Broad-Based Black Economic Empowerment as follows:

2.2.1 Section 4.3.1 of the P-AIS guidelines has been amended as follows:

*“The applicant must, in addition to the information supplied in 4.3, submit a projected financial income statement, and balance sheet for a period of at least three (3) years of the relevant division, cost centre or branch where the project is located, if applicable and **a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 8).**”*

People-carrier motor vehicle manufacturers and component manufacturers who are considered as exempt micro enterprises (those with a turnover of R10 million and below) as per Section 4 of the Broad-Based Economic Empowerment Amendment Act, 2013 (Annexure C), must submit the latest financial statements verified by an independent external accredited person.

Applicants that are non-complaint will only be considered under special circumstances if they submit a plan on how they will achieve compliance by March 2017.

2.2.2 Section 12.4.3.4 on claims submission has been amended as follows:

*“An original valid tax clearance certificate of the entity **and a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 8).**”*

B-BBEE certificates indicating non-compliance to B-BBEE Codes of Good Practice will result in the cancellation of the claim.

2.3 Sections 4 and 12 of the MHCV-AIS guidelines have been amended to include compliance to Broad-Based Black Economic Empowerment as follows:

2.3.1 Section 4.4.1 of the MHCV-AIS guidelines has been amended as follows:

*“The applicant must, in addition to the information supplied in paragraph 4.4, submit a B-BBEE certificate, ITAC Registration certificate, projected financial income statement, cash flow statement and balance sheet for a period of at least three (3) years of the relevant division, cost centre or branch where the project is located, if applicable and **a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 8).**”*

Medium and heavy commercial motor vehicle manufacturers and component manufacturers who are considered as exempt micro enterprises (those with a turnover of R10 million and below) as per Section 4 of the Broad-Based Economic Empowerment Amendment Act, 2013 (Annexure C), must submit the latest financial statements verified by an independent external accredited person.

Applicants that are non-complaint will only be considered under special circumstances if they submit a plan on how they will achieve compliance by March 2017.

2.3.2 Section 13.4.3.4 on claims has been amended as follows:

*“An original valid tax clearance certificate of the entity **and a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 8).**”*

B-BBEE certificates indicating non-compliance to B-BBEE codes of good practice will result in the cancellation of the claim.