

South Africa provides a robust enabling environment for potential investors, as well as a deeper domain skills advantage, a young and empathetic workforce, significant cost savings and world-class infrastructure for those who set up their operations in the country. The GBS incentive programme was designed to ensure that South Africa offers a globally competitive business case to investors. The GBS incentive programme was implemented from 1 January 2019 to attract investment and create employment opportunities, predominantly for youth in the country, through offshoring activities.

### Objectives

The primary objective of the incentive is to create employment in South Africa through offshore activities.

The secondary objectives of the programme are to:

- create employment opportunities for the youth (age 18-34 years); and
- contribute to the country's export revenue from offshoring services.

### Eligibility criteria

- The applicant must:
  - be a registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008, the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended);
  - be a taxpayer in good standing and must in this regard provide a valid tax clearance certificate;
  - be B-BBEE compliant in terms of the B-BBEE Codes of Good Practice, 2013 and submit a valid B-BBEE certificate of compliance or affidavit;
  - pay a minimum wage of R5 000 per month, or in the case of inclusively hired resources pay a minimum wage of R4 000 per month for the first 12 months of employment; and

- be involved in starting a new operation or expanding an existing operation in order to perform GBS activities and which may be operated from more than one physical location in South Africa.
- The new project or expansion of an existing project must:
  - have created at least 50 new offshore jobs in South Africa by the end of the three years from the start of operation, as defined by these guidelines;
  - be financially viable;
  - commence operations no later than six months from the date of the GBS incentive grant approval;
  - in a joint venture arrangement, at least one of the parties must be registered in South Africa as a legal entity; and
  - a pilot project must result in investment and the creation of jobs within the six-month trial period.

### Benefits

- The base incentive is calculated on projected offshore jobs to be created, based on a tapering scale and is awarded on actual offshore jobs created as per the definition of full-time equivalents.
- The base incentive offers a differential (three-tier structure) incentive for non-complex, complex and highly complex jobs based on a fully loaded operating cost per job.
- The base incentive is paid for a period of five years (60 months) from the date on which an offshore job is created.
- The base incentive will be determined at application stage, depending on the fully loaded operating costs.
- The bonus incentive is to be paid only at the end of year five, when the applicant becomes eligible for it.
- The bonus incentive for non-complex jobs is only available to applicants that create and maintain more than 500 offshore jobs over a five-year period.
- The bonus incentive for complex jobs is only available to applicants that create and maintain more than 200 offshore jobs.

- The bonus incentive for highly complex jobs is only available to applicants that create and maintain more than 100 offshore jobs.

### Non-eligible applicants

An applicant will not qualify if it is:

- expected to displace existing jobs within South Africa, for example, by way of relocating an existing facility in full or part within South Africa; and/or
- entitled to concurrent incentive benefits under the BPS incentive, Black Business Supplier Development Programme (BBDSP) or the Jobs Fund.

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# GLOBAL BUSINESS SERVICES (GBS)

