



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

AUTOMOTIVE INVESTMENT SCHEME

PROGRAMME GUIDELINES

© Department of Trade, Industry and Competition

Physical Address

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Abbreviations and Acronyms

AGA	Associate General Accountant
AIS	Automotive Investment Scheme
B-BBEE Act	Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
CIPC	Companies and Intellectual Property Commission
CMs	Component Manufacturers
EV	Electric Vehicle
IRBA	Independent Regulatory Board for Auditors
IT	Information technology
ITAC	International Trade Administration Commission of South Africa
OEMs	Original Equipment Manufacturers
PFMA	Public Finance Management Act
PIN	Personal Information Number
POPIA	Protection of Personal Information Act
PRECCA	Prevention and Combating of Corrupt Activities Act
SAAM	South African Automotive Masterplan
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Service
SOP	Start of Production
the dtic	Department of Trade, Industry and Competition
VAT	Value-Added Tax



1. Preamble

- 1.1 The purpose of this document is to detail the guidelines for the Department's Automotive Investment Scheme (AIS).
- 1.2 The AIS guidelines are informed by the key industry objectives and targets in the South African Automotive Masterplan (SAAM) which was agreed to by key industry stakeholders and the Department. As stated in the SAAM, growing local content and increasing employment are key government policy objectives and are at the very core of the underlying reasons for Government support for the industry.
- 1.3 The guidelines set out in this document are intended to enable enterprises to present their applications to the Department, and provide a framework for the Department to evaluate such applications.
- 1.4 The guidelines may be amended by the Department from time-to-time and these amendments will be published on the Department's website, and will be of immediate effect upon publication thereof.
- 1.5 Where the guidelines lend themselves to varying interpretations or do not deal with specific subject matter, the interpretation of the Department must be requested, and such interpretation will be decisive and final; and may, from time-to-time, be published on the Department's website.
- 1.6 Approval of applications will be subject to the availability of funds and compliance with the incentive guidelines and relevant provisions of the Public Finance Management Act (PFMA).
- 1.7 **the dtic** retains the sole discretion to approve or reject an application.
- 1.8 The approval of an incentive application does not give the applicant any right to payment. An approval merely allows the applicant to submit a claim for payment in accordance with the requirements and conditions of the incentive guidelines, and subject to budget availability at the time of processing any claim for payment.

2. Services Offered by the dtic

- 2.1 No fees or charges are levied by the Department for the processing or evaluation of any AIS applications or claims.
- 2.2 Applicants are welcome to contact the Department directly for assistance and guidance on how to complete the application or claim forms.
- 2.3 It is the responsibility of the applicant to ensure that the application submitted to the Department is accurate and complete.

3. Description of the Automotive Investment Scheme (AIS)

- 3.1 The Automotive Investment Scheme¹ is an incentive designed to support the continued growth and development of the South African automotive sector through contributing to the following key industry development objectives by 2035:
 - 3.1.1 Grow South African vehicle production to 1% of global output;
 - 3.1.2. Increase local content in South African assembled vehicles as envisaged in the SAAM;
 - 3.1.3 Double total employment in the automotive value chain;
 - 3.1.4 Transformation of the South African automotive industry value chain;
 - 3.1.5. Deepen value addition within South African automotive value chains; and
 - 3.1.6 Improve automotive industry competitiveness levels to that of leading international competitors.
- 3.3 The AIS provides for a non-taxable reimbursable cash grant as follows.
- 3.4 The AIS programme provides investment support to original equipment manufacturers (Complete Knock Down operations), automotive component manufacturers, automotive tooling manufacturers for Internal Combustion Engines (ICE), Hybrid models and Electric Vehicle (EV) models.

¹ AIS guidelines version 2025



- 3.5 In all cases, grant payment is subject to an evaluation by the Department to determine whether the project complies with the guidelines and stipulated performance requirements.
- 3.6 The effective date of commencement of these guidelines is the date of publication on **the dtic** website.

4. Qualifying Investment Period

- 4.1 The maximum qualifying investment period for the approved AIS grant will comprise of:
 - 4.1.1 A maximum investment period of twenty-four (24) months for commissioning, where such commissioning is applicable; and/or
 - 4.1.2 A maximum investment period of twenty-four (24) months from the Start of Production (SOP) date.

5. Mandatory Conditions

- 5.1 Be a registered legal entity in South Africa in terms of the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended).
- 5.2 Be a registered taxpayer in good standing.
- 5.3 All employees must be employed and on the payroll of the AIS approved legal entity
- 5.4 All OEM applications and claims submitted to the Department must be B-BBEE compliant in terms of the B-BBEE codes (achieve level 1 to 4). A valid B-BBEE certificate of compliance or sworn affidavit must be submitted, as per the revised B-BBEE codes published in October 2013 (as amended).
- 5.5 All Component or Tooling Manufactures applications and claims submitted to the Department must be B-BBEE compliant in terms of the B-BBEE codes (achieve level 1 to 6). A valid B-BBEE certificate of compliance or sworn affidavit must be submitted, as per the revised B-BBEE codes published in October 2013 (as amended).



- 5.6 New manufacturing enterprises in South Africa must be B-BBEE compliant in terms of the B-BBEE codes (achieve level 1 to 4) within thirty-six (36) months from the date of incorporation in South Africa. Where the incorporation date is different from the CKD project SOP date, new CKD manufacturing projects must be B-BBEE compliant in terms of achieving level 1 to 8 of the B-BBEE codes, within twenty four (24) months from the SOP date of such project.
- 5.7 Exempted Micro Enterprises (EME's) as defined in the B-BBEE Act may submit a sworn affidavit as per applicable B-BBEE codes.
- 5.8 The B-BBEE requirements may be amended from time to time as per directives.
- 5.9 The grant will only be applicable to investment in qualifying productive assets that will be used in the entity's/project's South African operations.
- 5.10 The applicant must retain the approved plant base year employment levels during the entire incentive period from the application stage and throughout all claim periods for the approved project. For subsequent applications, the applicant must demonstrate that they have maintained or increased plant base year employment.
- 5.10.1 For subsequent applications where the applicant failed to comply with the aforementioned job retention, the **dtic** may consider a special dispensation on merit.
- 5.11 All applicants must adhere to applicable sectorial minimum wage which is to be confirmed by an independent external auditor or accredited person with all claims
- 5.12 The applicant must submit a business plan with a detailed marketing and sales plan, a production plan, budget and projected financial income statement, for a period of at least three (3) years for the project.
- 5.12.1 The applicant must, in addition to the information supplied in 5.10, submit a projected financial income statement for a period of at least three (3) years of the **relevant division** where the project is located, if applicable.
- 5.12.2 In the case of component manufacturers and tooling companies, a letter of intent/confirmation letter and/or purchase order on the letterhead of the awarding OEM/customer, should be submitted with the application. **the dtic** may require additional documentation where applicable.



5.12.3 Completed applications should reach the offices of the Department no later than:

5.12.3.1 One hundred and twenty (120) days but not earlier than one hundred and eighty (180) days prior to commencement of production for light motor vehicle manufacturers; and

5.12.3.2 Ninety (90) days but not earlier than one hundred and twenty (120) days prior to commencement of production for all component and tooling manufacturers.

6. Qualifying Projects

6.1 The project must be undertaken by a manufacturer of specified light motor vehicles that is registered with the International Trade Administration Commission (ITAC), in terms of Note 1 to Chapter 98 of the Customs and Excise Act of 1964 as amended; or

6.2 The project must be undertaken by a component manufacturer, a deemed component manufacturer, an automotive tooling manufacturer and who is part of the original equipment manufacturer (light motor vehicle manufacturer) supply chain.

7. Eligibility Criteria

7.1 Original Equipment Manufacturers (OEMs) requirements for Internal Combustion Engines (ICE)

7.1.1 The OEM (new or existing) applicants must achieve a minimum production volume of **50 000** units per annum per plant. This should be achieved within twenty-four (24) months after the anticipated start of production date and be maintained throughout the claim cycle.

7.1.1.1 A special dispensation on volumes may be considered for new OEMs entering South Africa.

7.1.1.2 Base grant calculations will be twenty percent (20%) of the approved qualifying investment.

7.1.1.3 A special pro rata/proportional dispensation on volumes may be considered for OEMs which achieve annual production volumes of **less than 50 000 units**.



7.1.1.4 Failure to maintain the annual production threshold of 50 000 units per annum per plant will result in a pro rata/proportional or a reduction of the base grant of the qualifying investment.

7.2 Original Equipment Manufacturers (OEMs) requirements for Electric Vehicles (EVs)

7.2.1 OEM Electric Vehicles (EV) manufacturers must demonstrate capability and capacity to assemble or manufacture electric vehicles within the confines of the applicable regulations such as but not limited to technology, safety and environment.

7.2.1.1 The maximum reimbursable AIS grant may be twenty percent (20%) of the value of approved qualifying investment in productive assets by (OEMs).

7.3 Component Manufacturers requirements for Internal Combustion Engines (ICE) **To qualify for the base grant of 25%, component manufacturers must demonstrate the following:**

7.3.1. A contract has been awarded and/or a letter of intent has been received for the manufacture of components and/or automotive tooling to supply directly into the OEMs supply chain locally and/or internationally; and

7.3.2. A local/ international OEM supply chain turnover of at least twenty-five percent (25%) of total entity turnover; or R10m in OEM supply chain invoicing per annum.

7.4 Component Manufacturers requirements for Electric Vehicles (EVs)

7.4.1 The reimbursable grant may be up to thirty-five percent (35%) of the value of qualifying investment in productive assets by component manufacturers, tooling manufacturers and battery assemblers.

7.4.2. A contract has been awarded and/or a letter of intent has been received for the manufacture of components and/or automotive tooling to supply directly into the OEMs supply chain locally and/or internationally; and

- 7.4.3. A local/ international OEM supply chain turnover of at least twenty-five percent (25%) of total entity turnover; or R10m in OEM supply chain invoicing per annum.
- 7.4.4 **the dtic** may from time to time, solicit inputs from ITAC on the technical eligibility of electric vehicle components applied for, including whether the automotive components applied for are solely for use in the manufacture of electric vehicles, which electric vehicles are defined in the Amended APDP2 Regulations.
- 7.5 All applicants must adhere to legislative requirements governing the sector.

8. Qualifying Assets and Investment Costs

The following productive assets and investment costs (to be used in the entity's South African operations) may qualify for assistance under the AIS:

8.1 Buildings and/or improvements to buildings owned by the applying entity

- 8.1.1 The investment in qualifying buildings must constitute newly acquired or constructed buildings and/or building improvements at cost, whether as part of a new project or expansion. Calculation of the investment grant, with respect to buildings, will take into account the area of the factory, warehousing and administrative space utilised for the project. The qualifying investment in buildings is limited to 50% of the investment in qualifying buildings or 50% of the investment in qualifying machinery and equipment, whichever is the lowest.
- 8.1.2 The building must be owned by the applying entity or held under a long term notarial deed of lease. In case of ownership of the building and/or improvements of buildings owned by the Applicant/Claimant, a title deed or certificate of registered title is required from the Applicant. In the case of long term lease, a notarially registered deed of lease is required from the Applicant/Claimant. (Applicants whose applications were refused or rejected due to failure to provide a title deed as proof of ownership from the preceding financial year, may resubmit their application for determination in accordance with this revised / amended clause).

8.2 New plant, machinery, equipment and tooling

8.2.1 Plant, machinery, equipment and tooling (owned by the applicant/legal entity or leased by way of a financial lease, capitalised in the financial statements), at cost, will qualify.

8.2.2 By way of example such plant, machinery and tooling include:

- i. Jigs, Dies and Moulds;
- ii. In-plant logistics (software and hardware);
- iii. Raw material handling equipment (durable work holders excluding corrugated boxes);
- iv. Production, testing and design equipment; and
- v. Information technology (IT) equipment and supporting software, used in the manufacturing process.

8.3 Second-hand, refurbished or upgraded and installed plant, machinery, equipment and tooling

8.3.1 Only actual costs of second-hand, upgrading or refurbishing and installing plant, machinery, equipment and tooling may be considered.

8.3.2 In this context, 'second-hand', 'refurbished' or 'upgraded' and 'installed' plant, machinery and tooling refers to those assets that have not been used previously by the applicant and have not formed the basis for receipt of any South African government incentive or grant.

8.3.3 Any claim for second-hand, refurbished or upgraded and installed plant, machinery and tooling assets must be accompanied by the Department's consulting engineer's asset verification assessment report or a **dtic** inspection report confirming the cost of the asset, as well as the invoice of the asset. The Department will accept the lower value of the consulting engineer's assessment report or **the dtic** inspection report or the invoice.

8.3.4 All imported second-hand assets must be accompanied by an asset verification assessment report from the Department's appointed consulting engineer or a **dtic** inspector, certifying the level of technology to be equivalent or better than the level currently used in South Africa. The intention is to ensure that assets brought into the local industry are of an acceptable level of technology and are claimed against at fair value.



- 8.3.5 Where an applicant/legal entity applies or claims for the refurbishment or upgrading and installation of plant, machinery or tooling, of which the legal entity is the owner or sourced from the related party, only the actual costs of upgrading or refurbishing may qualify.
- 8.3.6 Second-hand plant, machinery, equipment or tooling may be regarded as qualifying investment assets provided they meet the following conditions:
- 8.3.6.1 Those productive assets that will be second-hand, upgraded or refurbished must be specified. Full motivation must be provided why the second-hand assets should qualify in terms of the overall objectives of the AIS as set out in these guidelines. In particular, it should be motivated that the use of the 'second-hand' assets would:
- be technologically advantageous to the project;
 - provide for high standard production facilities;
 - lead to the manufacture of products that meet/exceed the quality standards required for sustained competitiveness in the global market;
 - have at least, a three (3) years productive life span for the purpose of use in the project; or have the same productive life span as a new asset where the productive life span of a new asset is less than three years.

8.4 Capital Investment Costs in Energy Efficiency (UPS/Solar)

- 8.4.1 Capital Investment in energy efficiency may qualify for a maximum AIS grant of two (2) million Rand subject to submitting a proof ownership for the buildings (as stipulated in paragraph 8.1.2)
- 8.5 Approval of all assets set out above will be provisional pending the consulting engineer's assessment or **dtic** inspection report and recommendation at the claim assessment phase.

9. Exclusions and Limitations

9.1 Non-Qualifying Assets/Investment Costs

The following is a list of assets and investment costs that do **NOT** qualify under the AIS:



- 9.1.1 Any assets that are not directly utilised in the manufacturing of the product;
- 9.1.2 Assets acquired by way of an operational lease agreement;
- 9.1.3 Land, lease holding improvement on the buildings & leased buildings; owned buildings not located on owned land;
- 9.1.4 Vehicles, including prototypes;
- 9.1.5 Loose implements/hand tools classifiable under Chapter 82 of the Customs and Excise Act;
- 9.1.6 Office equipment & buildings;
- 9.1.7 Canteens, canteen furniture and catering equipment;
- 9.1.8 Site services, consumables and maintenance, even if related to qualifying assets;
- 9.1.9 Vehicle Distribution Centres;
- 9.1.10 Housing;
- 9.1.11 Revaluated assets;
- 9.1.12 Developmental cost & In-house labour costs and connected party costs (as determined by **the dtic**);
- 9.1.13 Value-Added Tax (VAT) and finance charges on assets;
- 9.1.14 Rates and taxes;
- 9.1.15 Travel and accommodation costs associated with overseas, experts and local training.
- 9.1.16 Any pre-production expenses incurred outside South Africa such as training, salaries, consulting fees, but not limited to this;
- 9.1.17 Marketing equipment and billboards; and
- 9.1.18 Miscellaneous costs including (capitalisation of) costs such as Management Fees, etc or as determined by **the dtic**.
- 9.1.19 Second-hand tooling, machinery and equipment with no refurbishment or upgrading

9.2 General Exclusions and Limitations

- 9.2.1 Projects by component manufacturers with a qualifying investment below R2 million and projects without a contract or letter of intent to supply the OEM, will not qualify for assistance under the AIS.
- 9.2.2 Projects by original equipment manufacturers with a qualifying investment, below R50 million and/or without ITAC registration, will not qualify for assistance under the AIS.
- 9.3 Projects that benefit from other capital investment incentives offered by the Department will not qualify for assistance under the AIS grant.



Further:

- 9.3.1 Non-Profit Organisations (NPOs), Non-Profit Companies (NPCs) and trusts do not qualify;
- 9.3.2 The approved project must notify the Department in writing within thirty (30) calendar days from the date of the approval letter of any changes in the start of production date. The new SOP date must be within ninety (90) calendar days of the original approved SOP date.
- 9.3.3 Financial lease assets must be capitalised in the balance sheet in order to be considered as qualifying for purposes of the incentive claim.
- 9.3.4 Component manufacturers that do not meet the requirements of section 7.3 and 7.4.

10. Grant Disbursements

- 10.1 Performance requirements for grant disbursements will be included in the approval letter.

11. Claims Submission

- 11.1 It is the responsibility of the entity to provide complete and accurate information to the Department in order to enable speedy and correct processing of the investment grant.
- 11.2 Only a claimant who demonstrates an investment in qualifying assets on an approved project may claim for the AIS grant.
 - 11.2.1 Documented capital expenditure and tagged assets for all claims for OEMs and any claims for Component Manufacturers may be certified by an accredited Consulting Engineer or recommended by **the dtic** inspector appointed by the Department. This may entail an inspection on site.
- 11.3 The Department reserves the right to have an independent audit done in respect of the approved project at any claim stage.
- 11.4 To claim the AIS grant, the entity must submit the following documents to the AIS Programme Manager at the Department:
 - 11.4.1 A completed claim form, duly signed by a person authorised by a resolution of the Board of Directors of the company and an independent external auditor or accredited person must be submitted. Each page of the claim form as well as the asset list/



schedule must be initialled by the authorised representative of the claimant; as well as the external auditor or accredited person. On the last page of the claim form, a full signature (s) is required.

11.4.2 The following supporting documents must be submitted together with each claim:

11.4.2.1 Latest audited financial statements not older than two (2) years for the entity and the project as well as management accounts in the case of divisions, cost centres and branches; not older than two (2) years.

11.4.2.2 A duly signed Factual Findings Report for the claim period.

11.4.2.3 A valid B-BBEE certificate reflecting the applicable compliance to the B-BBEE codes of good practice as per **Section 5.4 and 5.5** or a sworn affidavit or applicable B-BBEE requirements (as amended).

11.4.2.4 A valid tax clearance certificate or SARS PIN of the entity; and

11.4.2.5 A duly completed credit order instruction form not older than six (6) months as well as written confirmation of the bank details of the approved entity.

11.4.2.6 A copy of the approval letter received from the Department.

11.4.2.7 The confirmation of sound financial management in terms of section 38(1) (J) of the PFMA, to be on the company's letter head, duly signed by the authorised person.

11.4.2.8 Declaration by the applicant.

11.4.2.9 ITAC registration certificate for OEMs.

11.4.2.10 Purchase Order or Supply Agreement or Invoice or Letter of intent or Delivery notes for the project.

11.4.3 A schedule of the qualifying productive assets stating; description, new/second-hand/refurbished, date purchased, date taken into production, asset numbers, source of origin and capitalisation values/costs, as well as proper asset tagging details.

11.5 The value of the claim may be based on the lowest value of the investment in qualifying assets as certified by a Consulting Engineer or External Auditor of the claim or internal dtic processing of the claim including the dtic inspector's report.

11.6 Each asset must be provided with a unique asset number that must be affixed or engraved on the asset wherever possible. This must be done in a manner that should endure for the duration of the project as prescribed in the attachment to the approval letter. Such asset numbers must correspond to those in the claim asset list as specified. Failure to tag assets as required may result in forfeiting or cancellation of a claim.

- 11.7 Confirmation of employment breakdown at plant level in terms of race, gender, youth and disability aligned to the claim form.

12. Conditions Regarding Grant Disbursement

- 12.1 Claims must be submitted within four (4) months after the end date of the specified claim period.
- 12.2 Payments shall be made directly into the bank account of the approved entity only. The name and addresses of the account holder must be the same as that of the approved applicant.
- 12.3 Offshore assets of approved AIS entities will be excluded for grant calculation.
- 12.4 Should there be any material changes related to the main business under which the grant was approved, the Department must be informed without delay and this may cause the grant approval to be cancelled in which event the entity shall be expected to reapply to the Department, provided that the entity will be evaluated as at the date of the new application and will be subject to all the requirements applicable to applicants as at the date of the new application. The Department does not accept any liability should the entity undergo material changes and does not qualify for a new application due to e.g. time period lapses or any other reason.

13. General Conditions

- 13.1 The Department must be notified in writing of any material changes related to the investment project and the changes must be approved by the Department prior to being effected.
- 13.2 The Department may, under certain market or production circumstances, adjust the requirements and conditions of the scheme or grant approval. Any such adjustments will be at the sole discretion of the Department. The decision of the Department in this regard will be final.
- 13.3 In order to evaluate the impact of the programme, the Department may require that for a period of two (2) years after completion of the claim period, the client completes the

project monitoring report annually. This requirement forms part of the terms and conditions subject to which the AIS grant is approved and paid out.

14. Legal Conditions

14.1 The following are *inter alia* considered circumvention of the AIS Guidelines and will lead to the rejection of an application or claim:

14.1.1 Changing the business set-up, composition, structure or operations, processes or products in order to make the project qualify.

14.1.2 Manipulation of inter-company assets, products, services and processes in order to make the project qualify.

14.1.3 Applicants receiving financial grant support from other government source(s) for the same assets and competitive improvement costs as those for which assistance is sought from the AIS.

14.1.4 Any other action that, at the sole discretion of **the dtic**, can be regarded as circumvention to allow the entity, which otherwise would not have qualified, to qualify for assistance under the grant. 14.2 Should the applicant have any pending litigation against it, the outcome of which may have a material impact on the company's financial position, then this needs to be brought to the attention of **the dtic** at the time of application or claim stage.

15. Decision Review Process

15.1 Any dispute relating to a decision (including the rejection of an application and/or claim and/or cancellation of an approved project) by **the dtic** may be subjected to an internal appeal.

15.2 An appeal must be lodged within thirty (30) days of the date of issue as set out in the notification letter.

15.3 An applicant (hereinafter referred to as "the appellant) who is aggrieved by any decision taken by the dtic is limited to one (1) appeal in respect of that decision as the



same matter may not be referred back for appeal unless the matter has been referred back for further information/investigation.

- 15.4 The appeal must be accompanied by a written explanation setting out the decision appealed against and the issues to be considered and any documentary evidence upon which the appeal is based.
- 15.5 Although there is no prescribed format for the submission for an appeal, the appeal must:
- 15.5.1 Be submitted in duplicate, if submitted physically.
 - 15.5.2 Attach a letter communicating the decision appealed against.
 - 15.5.3 If longer than 15 typed pages (excluding annexures), contain an executive summary of no more than two pages, be indexed and paginated.
 - 15.5.4 Be signed by and provide full details of the Appellant or his/her/its representative and, in the latter instance, include proof of mandate to lodge the appeal on behalf of the applicant.
- 15.6 An appeal must be lodged with the Director: Legal Services: Industrial Financing Branch at the following email Appeals@thedtic.gov.za or hand delivered at:
- DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
- the dtic Campus, 77 Meintjies Street
- Block A
- Sunnyside, Pretoria, 0002
- Attention: Director: Legal Services
- INDUSTRIAL FINANCING BRANCH
- 15.7 Receipt of the appeal will be acknowledged in writing within five (5) working days of such receipt.
- 15.8 The outcome of the appeal will be communicated to the Appellant.

16. Criminal, Misleading, Dishonest and/or Unlawful Activities

- 16.1 **the dtic** shall, in the case of criminal/misleading/dishonest activities/information, or activities/information that contravenes any law of the Republic of South Africa be entitled to exercise any rights that it may have in terms of the common law or statutory law
- 16.2 **the dtic** may, upon a suspicion of any of the criminal/misleading/dishonest activities/information, suspend payments that may be due or may become due to an applicant. **the dtic** shall not be liable for any damages or interest, pending the finalisation of any investigation and any civil or criminal proceedings that may be brought as a result of the investigation.
- 16.3 Findings of an investigation indicating such criminal/misleading/dishonest activities will be sufficient to allow **the dtic** to cease all payments and reclaim any payments already made, with *mora* interest.
- 16.4 **the dtic** subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004). Applicants are requested to contact **the dtic** fraud hotline on 0800 701 701 should they wish to report any suspicious behaviour.
- 16.5 A duty rests on the applicant and/any other person that may benefit from the scheme to disclose everything that may have an influence on the adjudication of the application and/or claim. Failure thereof will lead to termination or cancellation/revocation or suspension of the application/claim and criminal prosecution and or civil claim.

17. Monitoring and Reporting

- 17.1 Supported projects may be requested to complete surveys in order to obtain information relating to the performance of the incentive. If contacted, supported projects are required to complete the information and provide it to the department within the requested time period.



18. Protection of Personal Information

- 18.1 **the dtic** processes personal information as defined in the Protection of Personal Information Act, 2013 (Act No. 04 of 2013) in lieu of the business activities that it performs. The department uses this information to assess and evaluate applications/claims.
- 18.2 In the majority of instances personal information will be collected directly from the Applicant/Claimant/Recipient through application/claims forms and other means. **the** bodies such as the SARS; or information provided by the applicant through third parties such as National Treasury and the South African Police Service (SAPS).
- 18.3 **the dtic** may disclose personal information to other Government departments/entities or third parties in line with the purpose for which the information was collected.
- 18.4 Any person has the right of access to their personal information in the possession of **the dtic** and the right to request that **the dtic** correct any errors relating to the information that **the dtic** has on record.
- 18.5 Any person who is dissatisfied with the manner in which **the dtic** is processing his/her/its personal information is entitled to lodge a complaint with the Information Regulator, whose contact details are:
- JD House, 27 Stiemens Street, Braamfontein, Johannesburg, 2001
- P.O Box 31533, Braamfontein, Johannesburg, 2017
- Complaints email: complaints.IR@justice.gov.za
- 18.6 **the dtic's** detailed Privacy Policy can be obtained at: <http://www.thedtic.gov.za/wp-content/uploads/Privacy-Policy.pdf>



19. Annexure A: Glossary of Terms and Definitions

a.	'AIS approval' : The document from the Department to the applicant, setting out the terms and conditions of the AIS incentive being offered to the applicant, which will by implication include the terms and conditions set out in these guidelines ('implied terms').
b.	'Applicant' or 'Entity' : This refers to a business registered as a legal entity in South Africa. The word 'entity' is used here to refer to an applying business, or one that has qualified for the incentive.
c.	'At cost' : This refers to the actual asset price at purchase time. For purposes of the incentive programme, the investment grant will be calculated and paid based on the lower of the actual historical cost paid for the asset; cost price of the asset; the market value of the asset; or a valuation by an independent valuator.
d.	'Automotive tooling' : Refers to (i) dies for drawing and extruding metal; (ii) tools for pressing, stamping or punching; (iii) work holders; (iv) assembly jigs and assembly lines; (v) injection moulds, moulding patterns and moulds where the principle use is for the manufacture of specified motor vehicles, heavy vehicles and automotive components for such vehicles.
e.	'Capital work-in-progress' : These are assets that are not yet fully installed or are still being prepared for the production process and are not yet part of the production process.
f.	'Start of production date' : This refers to the date commercial production started.
g.	'Component manufacturer(s)' : This refers to light motor vehicle component manufacturers, including deemed component manufacturers and motor cycle component manufacturers (including manufacturers involved in the component value chain).
h.	'Connected party/persons/non-arm's length transactions' : A 'connected party', as described in the Income Tax Act, No. 58 of 1962, which, as at April 2007, could be defined, in relation to a natural person, as any relative, and any trust of which such natural person or such relative is a beneficiary. In relation to this definition, 'arm's length transactions' will mean the opposite.
i.	'Employees' : These are persons who work a minimum of forty (40) hours a week for the same employer and are on the approved applicant/employer's payroll .



	‘Electric Vehicle’: With regards to AIS, EVs are defined as battery electric vehicles, fuel-cell electric vehicles and alternate Electric vehicles that are zero carbon emission.
j.	‘Financial year’: This denotes the period referred to in the entity's financial statements, and as registered with the Companies and Intellectual Property Commission (CIPC), irrespective of the calendar period thereof.
k.	‘Full-time Equivalent Employment’: This term refers to contract/seasonal/temporary employees on the AIS approved legal entity's payroll . One full-time employee will be the equivalent to 1 920 hours worked per year.
l.	Full investment’: This refers to an investment that enables a project to start producing commercially
m.	‘Independent external auditor’ or ‘accredited person’: - In respect of a Company, this means the independent external auditor. - In respect of a Close Corporation, this means practising members of the Commercial and Financial Accountants of South Africa (CFA-SA); practising members and Associate General Accountants (AGAs) of the South African Institute of Chartered Accountants (SAICA) and/or AGAs; and individuals or enterprises/practices registered as auditors with the Independent Regulatory Board for Auditors (IRBA).
n.	‘Investment commissioning’: This refers to the process of assuring that plant and machinery are installed, tested and operated, according to the operational requirements of the project.
o.	‘Machinery and equipment and tools’: These are the machinery, implements, tools, utensils or articles used in a qualifying production process. ‘Machinery and equipment’ does not include <i>inter alia</i> commercial vehicles, office furniture, or office equipment.
p.	‘Material changes’: These are changes that, if known at application stage, could have affected approval of the project e.g. changes in business set-up, location, composition, structure of operations, processes or products as well as a change in the physical address/location of the approved project.
q.	‘New process’: This is a process that promotes backward and forward linkages
r.	‘Plant Base year employment’: <i>This term refers to a period of twelve (12) months prior to start of production.</i>
s.	Project’: This refers to any investment in plant, machinery and equipment by an light motor vehicle manufacturer to produce in accordance with the complete knock down principle of at least 50 000 volumes per plant per year or. In respect of a component or tooling manufacturer it means any investment in plant, machinery and equipment to



	manufacture components or tooling for the motor industry meeting the requirements of 8.3.
t.	‘Real terms’: This term refers to an increase in nominal value, adjusted to the effect of inflation, i.e. less average inflation.
u.	‘Second-hand’: This refers to a production asset that has already been in productive operation, while a ‘new asset’ refers to one that has not yet been in production. A production asset that has been upgraded, refurbished, modernised, or reconstructed is regarded as second-hand.
v.	‘Shareholding’: This refers to shareholding in a Company, membership in a Close Corporation, or membership/ownership of a Co-operative.
w.	‘Substantial’: This term is determined by taking into consideration the entity’s current status, improvements over a period of time, industry benchmarks and prevailing market conditions. The entity should be comparative to similar plants in South Africa or anywhere in the world. In this regard, the Department may be contacted for guidance on what would constitute ‘substantial’, with reference to a specific project.
x.	‘Total qualifying investment costs’ or ‘total qualifying assets’: In respect of new projects, this refers to the investment made in qualifying in assets. In respect of expansions, this refers to all investments in productive assets which were previously made, as well as the additional qualifying investments to be made .
y.	‘Warehousing’: Refers to a commercial building for the storage of material inputs and goods/components to be used in the manufacturing as well as buildings to be used for the storage of finished products/ motor vehicles. The cost of the warehouse will include all fixtures that can be capitalised