

The MHCV-AIS provides for a non-taxable cash grant of 20% of the value of qualifying investment in productive assets by medium and heavy commercial vehicle manufacturers and 25% of the value of qualifying investment in productive assets by component manufacturers and tooling companies for MHCVs, as approved by **the dtic**.

Mandatory conditions

- The applicant must be a registered legal entity in South Africa and undertake manufacturing in the country.
- The applicant must be a taxpayer in good standing and provide a valid tax clearance certificate before the MHCV-AIS grant is disbursed.
- The grant will only be applicable to investment in assets that will be used in the entity's South African operations.
- 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 years for the project.

The applicant must 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 years of the relevant division, cost centre or branch where the project is located, if applicable.

- The applicant must submit a cost benefit analysis for the project in cases where it cannot provide information.
- Completed applications should reach the offices of **the dtic** no later than 120 days, but not earlier than

180 days, prior to commencement of production for medium and heavy commercial vehicle manufacturers; and no later than 90 days, but not earlier than 120 days, prior to commencement of production for component manufacturers, deemed component manufacturers and/or tooling companies.

Eligibility criteria

Truck manufacturers

- An existing or new manufacturer of medium and heavy motor vehicles (trucks) has to comply with the extent of assembly (i.e. CKD definition as specified in Note 5 to Chapter 98).
- The cab may be imported in an assembled and trimmed condition into South Africa until 31 March 2016.
- The engine and transmission, axles, radiators, suspension components, steering mechanisms, braking or electrical equipment and instrumentation may be imported into South Africa, but have to be fitted to the floor pan or chassis frame of the truck within South Africa.
- The body or cab has to be fitted to the floor pan or chassis frame within South Africa.
- With effect from 1 April 2016, the amended CKD definition as specified in ITAC Report 419 will apply, and projects with a start of production of 1 April 2016 and beyond that do not comply with the revised definition will not be supported.

Bus chassis manufacturers

- The chassis, engine and transmission assemblies must comply with the CKD definition of Note 5 as stipulated in Chapter 98 of the Customs and Excise Act, 1964.
- The chassis, engine and transmission must be assembled semi-knocked-down in South Africa and the hang-on parts (fuel tank, tyres, battery, wheel rims) for the chassis may be imported into South Africa, but have to be fitted to the floor pan or chassis frame of the bus within South Africa.
- Projects with a start of production date from 1 April 2016 onwards will be required to comply with the amended CKD definition as specified. From this date, projects that do not comply with the revised definition will not be supported under the MHCV-AIS.



Component manufacturers, deemed component manufacturers, tooling companies, and bus and truck body manufacturers

- A component manufacturer that can prove that a contract is in place and/or has been awarded and/or a letter of intent has been received for the manufacture of components to supply the medium and heavy commercial vehicle manufacturer supply chain locally and/or internationally.
- A component manufacturer that can prove that after this investment it will achieve at least 25% of total entity turnover or R10 million annually by the end of the first full year of commercial production, as part of a medium and heavy commercial vehicle manufacturer supply chain locally and/or internationally.
- In the case of bus body manufacturers, where the contract is awarded by the entity to the OEM to supply the chassis (for example, if the bid to supply buses was awarded to the body manufacturer), proof must be provided that the bid has been awarded and a contract entered into with the OEM for the supply of the chassis to the body manufacturing entity.

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MEDIUM AND HEAVY COMMERCIAL VEHICLES AUTOMOTIVE INVESTMENT SCHEME (MHCV-AIS)

