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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 911

Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:

What (a) are the full details of the (i) names and (ii) location of all Special Economic Zones that offer a reduced income tax rate, (b) total number of companies utilised the benefit (i) in the past five financial years and (ii) since 1 April 2024, and (c) is the value of the tax discount in each specified year? NW1156E

REPLY:

(a) Names and locations of the Special Economic Zones (SEZs) that offer a reduced income tax rate –

Name (i)	Location(ii)
Coega	Eastern Cape Nelson Mandela Bay Metropolitan Municipality
East London IDZ	Eastern Cape Buffalo City Metropolitan Municipality
Dube TradePort	KwaZulu-Natal eThekweni Metropolitan Municipality
Richards Bay IDZ	KwaZulu-Natal uMhlathuze Local Municipality
Freeport Saldanha IDZ	Western Cape Saldanha Bay Local Municipality
Maluti-A-Phofung SEZ	Free State Maluti-A-Phofung Local Municipality

The following Tax Incentives are available in specific SEZs based on qualifying criteria through SARS.

- **VAT and customs relief**

Businesses located within a CCA will qualify for VAT and customs relief.

- **Employment tax incentive**

An employment tax incentive will be available to businesses located in any SEZ. To encourage employers to hire younger and less experienced work seekers, employers of low-salaried employees (below R60 000 per annum) in any SEZ will be entitled to the employment tax incentive (ETI).

- **Building allowance**

Businesses operating within approved SEZs are eligible for an accelerated depreciation allowance on capital structures (buildings). The special rate of capital (depreciation) allowances in lieu of normal allowances will be available for erecting or improving buildings and other fixed structures. This rate will equal 10% per annum over 10 years.

- **Reduced corporate income tax rate**

Certain businesses operating within approved SEZs will also be eligible for a reduced corporate tax rate of 15% provided they are undertaking certain qualifying activities. This is much lower than the headline rate of 28%.

(b) (i)&(ii) Total number of companies that utilised the benefit for the past five financial years; and (c) the value of the tax discount in each specified year -

Qualifying companies submit their Income Tax Returns Directly to SARS and therefore the information and values on company tax savings is protected under the SARS privacy policy - Income Tax Act.

In order to ensure that the fullest possible disclosure is made to SARS by taxpayers and traders, the secrecy provisions in the legislation SARS administers

provide that taxpayer and trader information is confidential and is not subject to disclosure, except under limited circumstances.

It is thus advised that the Member make a direct request to SARS for the required information.

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