A Guide to the dtic Incentive Schemes 2024/25

the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Important Note: All incentive schemes on offer by the Department of Trade, Industry and Competition (**the dtic**) have their own specific guidelines and qualifying criteria. Please consult these before making any enquiries or decisions. Guidelines, application forms and further information about **the dtic**'s many incentive offerings are available via **the dtic** website (www.thedtic.gov.za) under financial assistance and can also be obtained from the various administrative offices at **the dtic** Campus.

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OVERVIEW OF THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION (the dtic)

Vision

A dynamic industrial, globally competitive South African economy, characterised by meaningful economic transformation, inclusive growth and development, decent employment and equity, built on the full potential of all citizens.

Mission

- Promote structural transformation, towards a dynamic industrial and globally competitive economy.
- Provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development.
- Broaden participation in the economy to strengthen economic development.
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives and mandate.
- Coordinate the contributions of government departments, state entities and civil society to effect economic development.
- Continually improve the skills and capabilities of **the dtic** to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens.

Strategic objectives

- Grow the manufacturing sector to promote industrial development, job creation, investment and exports.
- Improve conditions for consumers and artists and open up markets for new patent players.
- Strengthen capacity to deliver on **the dtic**'s mandate.

the dtic stimulates and facilitates the development of sustainable, competitive enterprises through the provision of incentive programmes that support national priorities (i.e. sector strategies, and the Re-imagined Industrial Strategy(RIS)). The department provides financial support to qualifying companies for various economic activities, including manufacturing, business competitiveness, export development and market access, as well as foreign direct investment.

These incentive programmes are grouped into the following clusters:

- **Industrial Innovation** promotes innovation and technology development. Its incentive programmes are the Support Programme for Industrial Innovation (SPII), and the Technology and Human Resources for Industry Programme (THRIP).
- **Manufacturing Investment** encourages additional investment in the manufacturing sector through the Automotive Investment Scheme (AIS), which includes the People-Carrier Automotive Investment Scheme (P-AIS) and the Medium and Heavy Commercial Vehicles Automotive Investment Scheme (MHCV-AIS); Black Industrialist Scheme (BIS); Agro-Processing Support Scheme (APSS); Aquaculture Development Enhancement Programme (ADEP;, Manufacturing Competitiveness Enhancement Programme (MCEP) loan facility; Clothing and Textile Competitiveness Improvement Programme (CTCIP); and Strategic Partnership Programme (SPP).
- **Export Promotion** supports industrial competitiveness and consists of the Export

Marketing and Investment Allowance (EMIA) programme, the Sector-Specific Assistance Scheme (SSAS), and the Capital Projects Feasibility Programme (CPFP).

- **Services Investment** stimulates increased investment and growth in the services sector through the Global Business Services (GBS), and Film and Television Production incentive programmes.
- **Infrastructure Support** leverages investments by providing infrastructure critical to industrial development and enterprise competitiveness within an industrial cluster, as well as tax benefits for locating to geographically designated areas of the country set aside for specifically targeted economic activities, and supported through special arrangements and systems often different to those that apply to the rest of the country. The incentive programmes in this cluster are the Critical Infrastructure Programme (CIP) and Special Economic Zone (SEZ) Programme.

All incentive schemes on offer by **the dtic** have their own specific guidelines and qualifying criteria. This booklet serves only as a guide to what is on offer and who is eligible to apply. Please consult the relevant guidelines for more detailed information, available via **the dtic** website (www.thedtic.gov.za) under “Financial Assistance” or from the various administrative offices at **the dtic** Campus. Application forms can also be obtained via the website.

INNOVATION INCENTIVES

TECHNOLOGY AND HUMAN RESOURCES FOR INDUSTRY PROGRAMME (THRIP)

The THRIP is intended to leverage collaborative partnerships between government and industry (partnering with at least one public institution of higher learning (universities) or public research facility or institution) for research and development in science, engineering and technology on a cost-sharing basis, to produce highly skilled human resources and technology solutions, for improved industry competitiveness.

Objectives

The objective of the programme is to increase the number of people with the appropriate skills in the development and management of applied, research-based technology for industry.

The objectives will be achieved through:

- improved knowledge exchange and technology transfer through increased interaction and mobility among researchers in higher education institutions (HEIs) and science, engineering and technology institutions (SETIs), as well as technology personnel in industry;
- an increase in investment by industry and government in research and technology; and
- technology transfer and product or process improvement or development, through research collaboration between enterprises (large and small), HEIs and SETIs.

Benefits

The THRIP is a cost-sharing grant of up to R5 million per annum for a period of three years up to a maximum of R15 million for approved projects engaged in applied research and development in science, engineering and technology.

Projects will be funded according to the follow funding formula:

Applicant(s)		Contribution	
	THRIP	Large Enterprises	SMMEs
Large company(ies) or registered industry association	50%	50%	-
SMMEs	75%	-	25%
SMMEs with level 2 B-BBEE contribution status	80%	-	20
SMMEs with level 1 B-BBEE contribution status	90%	-	10%
Applicant partnering with a previously disadvantaged black university as the main partner	90%	-	10%

Mandatory Conditions and Funding

1. The applicant must be a registered legal entity in South Africa.
2. In operation for more than 12 months, SARS and B-BBEE compliant.
3. The project must partner with at least one publicinstitution of higher learning (universities) or public research facility or institution.
4. Qualified researchers and full time post-graduate students (Hons – PhD).
5. Graduate placements (fixed two years).
6. The duration of the partnership must be equal to or more than the period of the THRIP project.
7. 100% bursary costs.
8. Researcher costs, materials, equipment (research) and patent costs.
9. The project intention should be to innovate.
10. The project must have clearly defined scientific and technology outputs.

SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION (SPII)

The SPII is designed to promote technology development in South Africa's industry, through the provision of financial assistance for the development of innovative products and/or processes. The SPII focuses specifically on the development phase, which begins at the conclusion of basic research and ends at production of a pre-production prototype.

The SPII offers two schemes:

- **SPII Product Process Development (PPD) Scheme**
  - Provides financial assistance to small, very small and micro enterprises whose total assets (excluding fixed property) are below R5 million, turnover is less than R13 million, and has a total employee complement of below 50, as defined in the National Small Business Amendment Act of 2003 or any other Act replacing it.
  - A percentage of 'qualifying' costs are incurred in the pre-competitive development activities associated with a specific project.
  - The scheme limit is a maximum grant of R2 million.
  - The scheme incurs 50% of the qualifying costs where the applicant has 25% or less black economic empowerment (BEE) ownership; 75% of qualifying costs where the applicant has 25% to 50% BEE ownership or more than 50% shareholding by women or people with disabilities; and 85% of qualifying costs where the applicant has more than 50% BEE ownership.

- **SPII Matching Scheme**
    - Provides financial assistance to all enterprises in the form of a non-repayable grant.
    - The scheme has a maximum grant limit of R5 million. If the applicant has 25% or less BEE ownership, 50% of qualifying costs are incurred by the scheme; 25% to 50% BEE ownership, 65% of qualifying costs are incurred; and above 50% BEE ownership or more than 50% shareholding by women or people with disabilities, 75% of qualifying costs are incurred.
    - Financial assistance under the Matching Scheme is provided to large companies on a 50% matching basis.

Criteria for SPII support

- Development should represent a significant advance in technology
- Development and subsequent production must take place within South Africa
- Intellectual property to reside in a South African registered company
- Participating businesses must be South-African-registered enterprises
- Government-funded institutions (e.g. the CSIR) do not directly qualify for support, but may participate as subcontractor(s)
- No simultaneous applications are allowed from the same company

Qualifying costs

- Personnel related
- Travel expenses (defined maximum)
- Direct material
- Capital items and tooling

- Software (not general software)
- Documentation
- Testing and trials
- Licensing
- Quality assurance and certification
- Patent
- Subcontracting and consulting

Non-qualifying projects/costs

- Projects receiving other government funding
- Military projects
- Where SPII contribution is not significant (at least 20% of total project costs)
- Production and commercialisation related
- Marketing and administrative costs
- Product/process development for a single client
- Basic and applied research
- Projects that at the time of application are more than 50% (70% for PPD) complete
- All costs incurred prior to submitting a duly completed application

MANUFACTURING INVESTMENT INCENTIVES

AUTOMOTIVE INVESTMENT SCHEME (AIS)

The AIS is designed to grow and develop the automotive sector through investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain.

Objectives

- Strengthen and diversify the sector through investment in new and/or replacement models and components
- Increase plant production volumes
- Sustain employment and/or strengthen the automotive value chain

Benefits

- The AIS provides for a non-taxable cash grant of 20% of the value of qualifying investment in productive assets for original equipment manufacturers (OEMs) and 25% of the value of qualifying investment in productive assets for component manufacturers and tooling companies, as approved by **the dtic**.

Eligible enterprises

- The applicant must submit a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 4).
- The applicant must retain base-year employment levels during the entire incentive period, from application stage to the claim period.

- **Light motor vehicle manufacturers** should have achieved or be able to demonstrate that they will achieve within three years a minimum of 50 000 annual units of production per plant.
    - A special dispensation on volumes may be considered for new OEMs entering South Africa.
    - Existing OEM applicants must achieve a minimum production volume of 50 000 units per annum per plant to qualify for a grant offering of 20% of the qualifying investment. This should be achieved the 24 months following the anticipated start of production date and be maintained throughout the claim cycle.
    - Failure to maintain the annual production threshold of 50 000 units per annum per plant will result in a reduction of the base grant of the qualifying investment.
- **Component manufacturers or deemed component manufacturers**
    - A component manufacturer that can prove 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 to the light motor 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 project at the end of the first full year of commercial production, as part of a light motor vehicle manufacturer supply chain locally and/or internationally.

PEOPLE-CARRIER AUTOMOTIVE INVESTMENT SCHEME (P-AIS)

The P-AIS is a sub-component of the AIS and provides a non-taxable cash grant of between 20% and 35% of the value of qualifying investment in productive assets approved by **the dtic**.

Qualifying projects will be evaluated on the following economic benefit requirements:

- Tooling
- Research and development (R&D) in South Africa
- Employment creation/retention
- Strengthening the automotive supply value chain
- Empowerment

The approved P-AIS grant is to be disbursed over a period of three years and, in all cases, grant payment is subject to an evaluation by **the dtic** to determine whether the project achieved the stipulated performance requirements.

Objectives

The P-AIS is designed to stimulate a growth path for the people-carrier-vehicle industry through investment in new and/or replacement models and components that will result in new jobs or the retention of employment and/or strengthen the automotive vehicle value chain.

Benefits

- **Complete-Knocked-Down (CKD) vehicle assembler**
    - CKD investments that started production from 1 January 2012 to 31 March 2015 may qualify for a grant of 25% of the qualifying investment costs.
    - CKD investments with a start production from 1 April 2015 onwards may qualify for a grant of 20%.
    - For an additional 5%, the project must demonstrate that the investment will result in the maintenance of base-year employment levels throughout the incentive and model phase-out periods.
    - For a second additional 5% bonus grant (cumulative 10%), the project must meet the set economic benefit criteria.
- **Component manufacturers**
    - Component manufacturers may qualify for a grant of 25% of the qualifying investment costs.
    - For an additional 5%, the project must demonstrate that the investment will result in the maintenance of base-year employment levels throughout the

incentive period and achieve at least two of the set economic benefit criteria.
    - For a second additional 5% (cumulative 10%) P-AIS grant, the project must meet the set economic benefit criteria.

Eligible enterprises

Complete Knocked Down (CKD) vehicle assemblers

- People carriers for the transport of between 10 and 35 people, including the driver, with a vehicle mass exceeding 2 000kg.
- Floor panels, body sides or roof panels are not permanently attached to each other; the engine and transmission assemblies, axles, radiators, suspension components, steering mechanisms, braking or electrical equipment or instrumentation are not fitted to such floor pans or chassis frames; the bodies/ cabs are not fitted to floor pans or chassis frames.

Component manufacturers

- A component manufacturer that can prove that a contract is in place or has been awarded, 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 the automotive (medium and heavy commercial vehicle) manufacturer supply chain locally and/or internationally.

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

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 day prior to commencement of production for medium and heavy commercial vehicle manufacturers; and no later than 90 days, but not earlier than 120 day 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 the 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.

THE BLACK INDUSTRIALISTS SCHEME (BIS)

The purpose of the Black Industrialists (BI) policy is to leverage the state's capacity to unlock the industrial potential that exists within black-owned and managed businesses that operate within the South African economy through deliberate, targeted and well-defined financial and non-financial interventions.

Objectives

- Accelerate the quantitative and qualitative increase and participation of black industrialists in the national economy, selected industrial sectors and value chains, as reflected by their contribution to growth, investment, exports and employment.
- Create multiple and diverse pathways and instruments for black industrialists to enter strategic and targeted industrial sectors and value chains.

In short, the broader objective aims to promote industrialisation, sustainable economic growth and transformation through the support of black-owned entities in the manufacturing sector and related services linked to the manufacturing value chain.

Focus areas

The programme focuses on the following productive sectors:

1. Blue/ocean economy, including vessel building and repair
2. Oil and gas
3. Clean technology and energy
4. Mineral beneficiation
5. Aerospace, rail and automotive components
6. Industrial infrastructure
7. Information communication technologies
8. Agro-processing
9. Clothing, textiles/leather and footwear
10. Pulp, paper and furniture
11. Chemicals, pharmaceuticals and plastics
12. Nuclear
13. Manufacturing-related logistics
14. Designated sectors for localisation

Benefits

The BIS offers approved entities a cost-sharing grant ranging from 30% to 50%, to a maximum of R50 million. The size of the grant will depend on the level of black ownership and control, the economic benefit of the project, and the project value.

The BIS offers support on a cost-sharing basis towards:

- Capital investment costs
- Feasibility studies towards a bankable business plan (to a maximum of 3% of projected investment costs)
- Post-investment support (maximum of R500 000)
- Business development services (maximum of R2 million)

MANUFACTURING SUPPORT PROGRAMME (MSP)

The MSP is an incentive designed to grow and develop the manufacturing sector through investment in new or expansion manufacturing projects that will create and sustain employment, encourage transformation, and promote localisation.

The MSP is available to South African registered entities engaged in manufacturing activities.

OBJECTIVES

- Promote operational efficiency and competitiveness in new or expansion manufacturing projects.
- Encourage transformation through supporting enterprises owned by black persons, women, youth, and people with disabilities.
- Create and sustain employment.
- Promote localisation through the use of locally produced inputs/raw materials and machinery directly related to production.

The objectives will be supported through the following components of the programme:

- Competitiveness improvements
- Green technology and resource efficiency improvements
- Production capacity expansion or new projects

Benefits

- **Capital expenditure and raw materials**
    - The MSP offers a reimbursable grant of up to 20% for projects. The maximum grant offering is R10 million over a two-year investment period, with the last claim to be submitted within six months of the final approved milestone.
    - **the dtic** will provide a 30% reimbursable grant for projects that are 51% owned and controlled/managed by women, and/or youth(s) and/or person(s) with disabilities.
- **Competitiveness improvements costs**
    - The objective of this benefit is to improve the competitiveness of manufacturers through the improvement of processes, products, quality standards and related skills development, registration and validation requirements and licensing, technology transfer, waste management, energy efficiency and improvement through the use of business development services.
    - The competitiveness improvements grant related to consultant fees/costs may not exceed R1 million.

AGRO-PROCESSING SUPPORT SCHEME (APSS)

Objectives

The APSS aims to stimulate investment by the South African agro-processing/ beneficiation (agri-business) enterprises. The investment should demonstrate that it will achieve some of the following:

- Increased capacity
- Employment creation
- Modernised machinery and equipment
- Competitiveness and productivity improvement
- Broadening participation

The APSS will target six key sub-sectors:

- Food and beverage value addition and processing (for wine making only 70% black-owned and managed entities will be supported. For carbonated soft drinks only entities with a turnover of less than R5 million will be supported).
- Furniture manufacturing
- Fibre processing
- Feed production
- Fertilizer production
- Essential oil production

Benefits

The scheme offers a 20% reimbursable grant for projects with a qualifying investment value of above R10 million, and a 30% reimbursable grant for projects with a qualifying investment of below R10 million, to a maximum of R20 million grant over a two-year investment period, with a last claim to be submitted within six months of the final approved milestone.

the dtic may consider an additional 10% grant for expansion projects that meet all four economic benefit criteria:

- **Employment:** Increase base year employment by at least 25%.
- **Transformation:** Achieve a level 1 on B-BBEE codes of good practice.
- **Geographic spread:** Projects located in state-owned industrial parks or areas with unemployment higher than 25%.
- **Local procurement:** Procuring at least 70% of inputs or equipment and machinery that is locally manufactured.

Eligibility criteria

- An applicant must submit a completed application form and business plan with detailed agro-processing/beneficiation activities, budget plans and projected income statement and balance sheet, for a period of at least three years for the project. The project/business must exhibit economic merit in terms of sustainability.
- The application must be submitted within the designated application window period, prior to the start of processing/beneficiation or undertaking of activities applied for. Any assets bought and taken into commercial use or competitiveness improvement costs incurred before applying for the incentive will be considered as non-qualifying.
- Existing entities must submit latest financial statements, reviewed by an independent external auditor or accredited person and not older than 18 months.
- The approved entity may not reduce its employment levels from the average employment levels for a 12-month period prior to the date of application, and these employment levels should be maintained for the duration of the incentive period/agreement.
- Any reduction in the total number of employees over the duration of the incentive, will disqualify the applicant. Any claims not yet evaluated or paid will immediately lapse and no obligation will accrue to **the dtic** on such claims.

AQUACULTURE DEVELOPMENT ENHANCEMENT PROGRAMME (ADEP)

The ADEP is an incentive programme available to South-African-registered entities engaged in primary, secondary and ancillary aquaculture activities in both marine and freshwater classified under SIC 132 (fish hatcheries and fish farms) and SIC 301 and 3012 (production, processing and preserving of aquaculture fish). The grant is provided directly to approved applications for new projects or the upgrading of existing projects.

The programme offers a reimbursable cost-sharing grant of up to a maximum of R20-million qualifying costs in machinery, equipment, bulk infrastructure, owned land and/or buildings, leasehold improvements, and competitiveness improvement activities, as outlined in section 8 of the ADEP guidelines.

Objectives

The objective of the incentive is to stimulate investment by commercially viable enterprises in the aquaculture sector. The secondary objectives are to:

- Create and/or sustain jobs
- Broaden participation
- Increase production
- Geographical spread

Benefits

Enterprise size: Qualifying assets	Incentive percentage	Cap
< R5m	45%	R2,25m
≥ R5m < R30m	40%	R12m
≥ R30m – R200m	30%	R20m

the dtic may consider an additional 5% grant for small black enterprises that achieve a score of 8 and other enterprises that achieve a score of 10 in the EBC in Table 1, paragraph 7.1.2 of the ADEP Guidelines.

Eligible enterprises

Primary aquaculture operations

- Hatchery facilities and operations (e.g. broodstock, seed, spat, fry, fingerling, etc.)
- Nursery facilities and operations

- Grow-out facilities and operations [e.g. rafts, net closures, net pens, cages, tanks raceways and ponds
- Recirculating Aquaculture System (RAS), ranching, etc.

Secondary aquaculture operations

- Primary processing: (post-harvest handling, gutting, packing, quick freezing)
- Secondary processing: (filleting, portioning, packaging, setting up trader, and distribution networks)
- Tertiary processing or value adding (curing, brining, smoking, further value adding such as terrines, roulades, pates, paters)
- Waste stream

Ancillary aquaculture operations

- Aquaculture feed manufacturing operations

Small black enterprises

- ADEP’s definition of small black enterprises
- 100% black-owned
- Exercises operational and management control over the business
- Makes a long-term commitment to the business and is a medium- to long-term investor
- Investment of below R5 million

STRATEGIC PARTNERSHIP PROGRAMME (SPP)

the dtic initiated the SPP to develop and support programmes/interventions aimed at enhancing the manufacturing and services capacity of suppliers with linkages to strategic partner supply chains, industries or sectors.

Objectives

The objective of the SPP is to encourage large private-sector enterprises, in partnership with government, to support, nurture, and develop small and medium enterprises within the partner's supply chain or sector to be manufacturers of goods and suppliers of services in a sustainable manner.

Qualifying costs

The following costs are eligible for support:

- Machinery, equipment and tools
- Infrastructure linked to the strategic partner's supplier development initiative (owned/leased buildings, leased improvements)
- Product or service development
- Information and communication technology
- Operational costs
- Business development services or competitiveness improvements limited to items listed in paragraph 5.1 on page 6 of the SPP guidelines.

Grant support

The grant approval is capped at a maximum of R15 million (vat inclusive) per financial year over a three-year period towards qualifying costs, based on the number of qualifying suppliers, and is subject to the availability of funds. The SPP offers a cost-sharing support of 50:50 towards manufacturing projects and 70:30 (30% **the dtic**) for projects that are not in the manufacturing sector, but support manufacturing-supply-chain-related services and are deemed strategic by **the dtic**.

Eligibility criteria

- A South-African-registered legal entity in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended); the Close Corporation Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended).
- An entity with a minimum turnover of R100 million per annum for at least two consecutive years at application stage, confirmed by the latest available audited financial statements.
- An association with five or more registered legal entities.
- An association that can organise itself for this purpose, and must in this regard provide a letter(s) of commitment from manufacturer(s) that control(s) and/or has a direct influence in the market/manufacturing value chain to be developed.

EXPORT PROMOTION INCENTIVES

EXPORT MARKETING AND INVESTMENT ASSISTANCE (EMIA)

The EMIA individual exporter incentives provide cost-reimbursable grants to individual exporters to grow export markets for South African products and services.

Objectives

- Provide export event marketing assistance to develop new and grow existing export markets.
- Assist with the identification of new export markets through international exhibitions and market research.
- Assist companies to increase their competitiveness by supporting patent registrations, quality marks and product marks.
- Assist with facilitation to grow foreign direct investment (FDI) through missions and FDI research.
- Increase the contribution of black-owned businesses and small, medium and micro enterprises (SMMEs) to South Africa's economy.

Benefits

Individual exhibition participation

- Return economy-class airfare
- Subsistence allowance per day
- Transport of samples

- Physical or virtual exhibition costs
- Additional financial support for persons with disabilities
- Marketing materials

Primary market research and FDI

Exporters will be compensated for the following costs incurred while recruiting new FDI into South Africa through personal contact by visiting potential investors in foreign countries:

- Return economy-class airfare
- Subsistence allowance per day
- Transport of samples
- Additional financial support for persons with disabilities
- Design and print of marketing materials

Individual inward missions

Assistance is provided to South African entities organising an inward buying mission to enable a prospective buyer or investor to conclude export orders or to attract FDI.

- Economy-class airfare
- Subsistence allowance per day
- Rental of vehicle
- Transport of samples

- Design of digital marketing materials and/or listing on digital platform of the buyer company

Eligible enterprises

- Entities manufacturing products or providing services or outsourcing their manufacturing process within South Africa, which support **the dtic** priority sectors.
- South African export trading houses and commission agents representing at least three SMMEs or businesses owned by historically disadvantaged individuals (HDIs).
- South African commission agents representing at least three local manufacturing and/or service entities that fall within **the dtic** priority sectors.
- South African exports councils, industry associations and joint action groups representing at least five of its members within the local manufacturing and/or service sectors that support **the dtic** priority sectors.

SECTOR-SPECIFIC ASSISTANCE SCHEME (SSAS)

The SSAS is a scheme that compensates for costs in respect of the approved activities aimed at the development of South African emerging exporters through events. This incentive provides financial support for participation in physical and digital events by qualifying emerging exporters.

Organisations supported under ssas include export councils, joint action groups, SEDA, provincial investment and economic development agencies, industry associations and those involved development of emerging exporters.

Objectives

- Developing emerging exporters
- Introducing emerging exporters to new markets
- Stimulating job creation through increased exports
- Broadening the export base of local suppliers
- Proposing solutions to factors inhibiting export growth
- Promoting broader participation of historically disadvantaged individuals (HDIs) and SMMEs to the economy, with a specific focus on women, youth and enterprises owned by people with disabilities.

Description of project funding for SSAS

- Funding is a reimbursable 80:20 cost-sharing grant to provide financial support to export councils, joint action groups, and industry associations.

Qualifying projects funding for SSAS

Funding in sectors and sub-sectors of industry prioritised by **the dtic**.

- The project is a collection of specific tasks to achieve measurable outcomes and milestones, with a defined short-term period and its associated costs.
- The project must focus on improving sector export, performance and/or emerging exporter capabilities and be developmental and/or promotional in nature.
- The project should benefit the sector as a whole or specific value chains within sectors, in terms of the SSAS objectives.

Note: Any research/studies undertaken or databases obtained will become the property of **the dtic**.

Eligible industries and sectors

- Activities of entities applying for the SSAS incentive should fall within the South African industry sectors or sub-sectors prioritised for development and promotion by **the dtic**.

- The eligible applicant applying for the incentive should be distinct and independent with regard to their operations and ownership.
- The sectors include those manufacturing and services sectors as approved by **the dtic** in the National Industrial Policy Framework (NIPF) and the Reimagined Industrial Strategy.

Qualifying expenditure

- Sector-focused export development costs such as market research expenses.
- Sector-focused export promotion costs such as international advertising, promotional material and publicity and/or publicity platforms not covered by the Export Development and Promotion unit or export council grants.
- Sector-focused export products and/or service development costs.
- Sector-focused export development costs towards installing or improving sector-specific quality management systems, sector-wide data and information management systems, exporter or sector export competitiveness improvement, sector export competitiveness benchmarking, and supplier capability assessment.

The applicant who receives funding from **the dtic** cannot benefit from other funding/ financial assistance, neither from **the dtic**, nor from any government (national, provincial and municipal) authorities or its agencies or development finance institutions, for the same scope of work applied for.

CAPITAL PROJECTS FEASIBILITY PROGRAMME (CPFP)

The CPFP is a cost-sharing grant that contributes to the cost of feasibility studies likely to lead to projects that will increase local exports and stimulate the market for South African capital goods and services. .

Objectives

The primary objective of the programme is to facilitate feasibility studies that are likely to lead to high-impact projects that will stimulate value-adding economic activities in South Africa as this will have greater impact on the country's industrial policy objectives.

Secondary objectives include:

- Attracting high levels of domestic and foreign investments.
- Strengthening international competitiveness of South African capital goods sector and allied industries.
- Creating sustainable jobs in South Africa.
- Creating a long-term demand for South African capital goods and services.
- Stimulating project development in Africa and in particular the Southern African Development Community (SADC) countries, as well as support for the objectives of the New Partnership for Africa's Development (Nepad).
- Stimulating upstream and downstream linkages with SMMEs and BEE companies.

Benefits

The grant is capped at R8 million, to a maximum of 50% of the total costs of the feasibility study for projects outside Africa, and 55% of the total costs of the feasibility study for projects in Africa.

Eligibility criteria

South-African-registered legal entities are eligible for the CPFP. A foreign entity will only be considered if it partners with a South-African-registered entity and the application is submitted by the South African entity.

Studies that fulfil the following non-financial criteria will be eligible to apply for a grant through the programme:

- New projects and expansions or rehabilitation of existing projects.
- The programme that is anticipated to emerge from the feasibility study must fulfil the objectives of the programme.
- Minimum local content of 50% for goods and 70% for professional services (this remains at the discretion of the adjudication committee).
- Projects can be situated anywhere in the world, excluding South Africa.
- Projects must have an adequate chance of being declared a success.

Additional evaluation criteria that could be considered as motivational factors include:

- The project would have a positive impact on other developmental aspects, including job creation, skills development, linkages with SMMEs etc.
- A minimum of 10% of the total professional services involved during the feasibility study should be sub-contracted to South African black-owned professionals/entities.
- A clear, detailed time period within which the project emanating from the feasibility study will be realised.
- Buy-in and other sources of funding from private and public sector organisation(s) to realise the project.

SERVICES INVESTMENT INCENTIVES

GLOBAL BUSINESS SERVICES (GBS)

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 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 serving offshore activities.

The secondary objectives of the programme are to:

- Create employment opportunities for the youth (age 18 to 34 years).
- 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 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.
- Be involved in starting a new operation or expanding an existing operation in order to perform GBS activities, which may be operated from more than one physical location in South Africa.
- Submit an application for the incentive prior to the engagement of qualifying jobs.
- Have secured at least a three-year fixed term contract for offshore activities.
- The project must be financially viable and a going concern.

the dtic will determine whether a project is eligible taking the following into account:

- For projects performing mostly (≥50%) non-complex jobs (Tier-1), the project must create a minimum of 50 new offshore jobs within three years from start of operation and employ at least 80% youth as part of the approved project.
- For projects performing mostly (≥50%) complex and highly complex jobs (Tier-2&3) combined, the project must create a minimum of 30 new jobs within three years from start of operation and employ at least 60% youth as part of the approved project
- The project must commence with operations and employment no later than six months from the date of incentive grant approval. Failure to reach this target date

will lead to the cancellation or disqualification of the application, thus requiring the applicant to submit a revised application.

- In the case of a joint venture arrangement at least one of the parties must be registered in South Africa as a legal entity.
- A pilot project that will result in an investment and creation of jobs within the six-month trial period.

Compliance with all other statutory regulations, where applicable

- All applicants should meet the minimum health and safety regulations.
- Where the applicant is in the process of acquiring the necessary permits, proof of considerations by the relevant authorities must be submitted.
- Failure from an applicant to meet these standards will deem the project ineligible to receive support from this incentive and, approvals will be cancelled.

Grant, approval, calculation and disbursement

Kindly refer to pages 8 to 14, paragraph 8, 9 and 10 of the GBS Incentive Guidelines regarding full details of grant, and approval calculations and disbursement.

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.
- Entitled to concurrent incentive benefits under the BPS Incentive, Black Business Supplier Development Programme (BBSDP) or Jobs Fund.

SOUTH AFRICAN EMERGING BLACK FILMMAKERS INCENTIVE

The South African Black Filmmakers Incentive is aimed at supporting the local film industry and contributing towards transformation and employment opportunities in South Africa.

Objectives

The objectives of the South African Black Filmmakers incentive are to strengthen the competitiveness of the South African film and television industry, and to develop black talent in the South African film and television industry while ensuring distribution of films into the market. The incentive is designed to address the historical imbalances in the sector and ensure diversity and inclusion at all levels of production, including ownership and control. This is as per the BEE policy in order to facilitate broader participation in the economy by black people.

Benefits

- The South African Black Filmmakers Incentive is available to qualifying South African black-owned productions with a total production budget of at least R500 000.
- For documentaries, the Qualifying South African Production Expenditure (QSAPE) should be at least R500 000.
- The incentive provides 50% of the QSAPE.
- The incentive programme offers a reimbursable grant to the maximum of R25 million per qualifying project.
- The incentive is effective from 1 September 2023.

Project eligibility requirements

The QSAPE must be a minimum of R500 000 for all qualifying production formats, and a minimum of R500 000 for documentaries:

- At least eighty 80% of the principal photography must be filmed in South Africa.
- At least 14 calendar days of the principal photography must be filmed in South Africa.
- For productions with a minimum QSAPE of R50 million, the 80% and 14

calendar days requirements may be waived, and such discretion will take into account the budgetary implications of the decision made.

- The QSAPE must account for at least 75% of the total production budget (TPE).
- The majority of intellectual property must be owned by South African citizen(s); the copyright must be registered with the Companies and Intellectual Property Commission (CIPC), and the certificate of registration must be provided at claim stage.
- The director must be a black South African citizen who is credited for that role in the production.
- The producer and line producer must be a black South African citizen who is credited for that role.
- The top writer and producer credits must include South African citizens. The majority of the five highest-paid performers must be South African citizens.
- The majority 51% of heads of departments (HODs) and key personnel must be black South African citizens.

Mandatory requirements:

- The applicant must be a black South African production company.
- The production company must have at least 75% black South African citizens, of which the majority must play an active role in the production and be credited in that role.
- Use of multiple subsidiaries and connected companies to be regarded as production companies is not allowed.

- The applicant must complete and submit an application prior to commencement of the project anywhere in the world. If a project commences prior to receiving an outcome from **the dtic**, the applicant would have done so at their own risk.
- If the applicant chooses to commence with the project prior to receiving an outcome, the project must be fully funded. Should such projects receive an approval, the project will not be eligible for milestone payments.
- The applicant must procure a minimum of 20% of qualifying goods and services from entities that are are 51% black-owned by South African citizens and have been operating for at least one year.
- Where the project is not fully funded, the applicant must have secured at least 10% of the total production budget at application stage; supported by firm commitments such as concluded agreements and ring-fenced funds in the Special Purpose Corporate Vehicle (SPCV) bank account. Such applications must receive an outcome before commencing with the principal photography.
- The applicant must provide **the dtic** with a financial plan and signed contract from financier(s).
- Prior to commencing with principal photography, the applicant must have secured 100% of the budget following the grant awarding decision by **the dtic** and such proof must be submitted.
- The applicant must register a SPCV incorporated in the Republic of South Africa solely dedicated to the production of the film or television project to participate in this incentive programme. The SPCV must be wholly owned by the applicant.
- The qualifying expenditure and payments made to third-party companies must be settled directly from the primary bank account of the established SPVC.

Format eligibility requirements

The following below-mentioned production formats are eligible for support:

- Feature film
- Documentary
- Documentary series and documentary feature
- Tele-movies
- Television drama series and mini-series

For further information on the description and requirements for each of the above-mentioned qualifying formats, kindly visit the **the dtic** website at www.thedtic.gov.za, (Financial Assistance > Film and Television Production Incentives, > Annexure Funder Programme Guidelines).

FOREIGN FILM AND TELEVISION PRODUCTION AND POST-PRODUCTION INCENTIVE PROGRAMME

The Foreign Film and Television Production and Post-Production Incentive Programme is aimed at strengthening and promoting the country's film and television industry, as well as contributing towards the creation of employment opportunities in South Africa.

Objectives

The objectives of the incentive, are to attract foreign film and television productions and post-productions that will contribute towards employment creation, and local procurement, and enhance the international profile of the South African film and television industry while increasing the country's creative and technical skills base. The incentive is designed to address the historical imbalances in the sector and ensure diversity and inclusion at all levels of production, including ownership and control.

Benefits

Production and post-production

- Shooting on location in South Africa, the incentive will be calculated at 25% of QSAPE, with a cap of R25 million.
- An additional incentive of 5% of QSAPE is provided for productions shooting and conducting post-production in South Africa, and utilising the services of a black-owned service company.

Post-production

- Conducting post-production in South Africa, the incentive is calculated at 25% Qualifying South African Post-Production Expenditure (QSAPPE).
- An additional 2.5% of QSAPPE is provided for spending at least R10 million of post-production budget in South Africa.
- An additional 5% is provided for spending at least R15 million of post-production budget in South Africa.

Project eligibility requirements

The incentive is available to foreign-owned qualifying productions and post-productions as follows:

Production

- A minimum of R15 million for all qualifying production formats.
- At least 50% of the principal photography must be filmed in South Africa;
- At least 21 calendar days of the principal photography must be filmed in South Africa.
- For productions with a minimum QSAPE of R100 million, the 50% and 21 calendar days' requirements may be waived, and such discretion will take into account the budgetary implications of the decision made.
- The production company must achieve at least level 3 B-BBEE contributor status.
- The SPCV must achieve at least a level 4 B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice.

Post-production

The QSAPPE must be at least R1.5 million for all qualifying post-production activities:

- The post-production activities must be carried out in South Africa for at least 14 calendar days. This requirement is waived provided that a 100% of the post-production is conducted in South Africa.
- Applicant must have secured at least 80% of the total budget.
- The production company must achieve at least level 3 B-BBEE contributor status.
- The SPCV must achieve at least a level 4 B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice.

Mandatory conditions

- The international studio or production company must utilise the services of a South African production company.
- The applicant must complete and submit an application prior to commencement of the project anywhere in the world. If a project commences prior to receiving an outcome from **the dtic**, the applicant would have done so at their own risk.
- Use of multiple subsidiaries to be regarded as production companies is not allowed.
- Where the project is not fully funded, the applicant must have secured at least 80% of the total production budget at application stage; supported by a firm commitment such as concluded agreements and ring-fenced funds in the SPCV

bank account. Such applications must receive an outcome before commencing with principal photography.

- Prior to commencing with principal photography, the applicant must have secured 100% of the budget following the grant awarding decision by **the dtic** and such proof must be submitted.
- The applicant must demonstrate in the financial plan how the full closure will be reached for the qualifying project within three months following the grant awarding decision by **the dtic**.
- The applicant must register a SPCV incorporated in the Republic of South Africa solely dedicated to the production of the film or television project to participate in this incentive programme. The SPCV must be wholly owned by the applicant.
- The qualifying expenditure and payments made to third-party companies must be settled directly from the primary bank account of the established SPCV.

Format eligibility requirements

The below-mentioned production formats are eligible for support:

- Feature film
- Tele-movies
- Documentary, documentary series, and documentary feature
- Television drama series and mini-series

For further information on the description and requirements for each of the above-mentioned qualifying formats, kindly visit **the dtic** website on www.thedtic.gov.za, (Financial Assistance > Film and Television production Incentives > Annexure F under Programme Guidelines).

SA FILM AND TV PRODUCTION AND CO-PRODUCTION

Objectives

The objectives of the South African Film and Television Co-Production Incentive are to support official co-productions that will contribute towards employment creation and local procurement, and enhance the international profile of the South African film and television industry while increasing the country's creative and technical skills base.

The incentive is designed to address the historical imbalances in the sector and ensure diversity and inclusion at all levels of production, including ownership and control.

Benefits

- Incentive is calculated at 35% of QSAPE.
- An additional 5% of QSAPE is provided for productions hiring at least 20% of black South African citizens as HODs.
- Procurement of at least 30% of the QSAPE from 51% South African black-owned entities that have been operating for at least a period of one year.
- The incentive programme offers a reimbursable grant to the maximum of R25 million per qualifying project.
- The incentive is effective from 1 September 2023.

Project eligibility requirements

The South African Film and Television Co-Production Incentive is available to projects that have been certified as co-productions by the competent authority:

- Productions must have a minimum QSAPE of R2.5 million for all qualifying production formats, and a minimum of R500 000 for documentaries:
- The applicant must submit a copy of the advance ruling at application stage and a copy of the final ruling at claim stage.
- At least 50% of the principal photography must be filmed in South Africa.
- At least 14 calendar days of the principal photography must be filmed in South Africa.
- For productions with a minimum QSAPE of R50 million, the 50% and 14 calendar days' requirements may be waived, and such discretion will take into account the budgetary implications of the decision made.
- The director must be a South African citizen, unless the production requires the inclusion of an individual not covered by this clause, in which case approval may be given at the provisional approval stage.
- The writer and producer credits must include South African citizens, unless the production requires the inclusion of an individual not covered by this clause, in which case approval may be given at provisional approval stage (either exclusive or shared collaboration credits).

- At least two highest-paid performers must be South African citizens, unless the production requires the inclusion of an individual who is not a South African citizen, in which case approval may be given at provisional certification stage.
- The majority of the film's HODs and key personnel must be South African citizens, unless the production requires the inclusion of an individual who is not a South African citizen, in which case approval may be given at provisional certification stage.
- The production company must achieve at least a level 3 B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice;
- The SPCV must achieve at least a level 4 B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice.

SOUTH AFRICAN FILM AND TELEVISION PRODUCTION INCENTIVE

Objectives

The objectives of the South African Film and Television Production Incentive are to support the local film and television industry to contribute towards employment creation, and local procurement and to enhance the international profile of the South African film and television industry while increasing the country's creative and technical skills base.

The incentive is designed to address the historical imbalances in the sector and ensure diversity and inclusion at all levels of production, including ownership and control; to support the local film industry; and to contribute towards employment opportunities in South Africa.

Benefits

- Incentive is calculated at 35% of QSAPE.
- An additional 5% of QSAPE is provided for productions hiring at least 30% of black South African citizens as HODs.
- Procurement of at least 30% of the QSAPE from 51% South African black-owned entities that have been operating for a period of at least one year.

- The incentive programme offers a reimbursable grant to the maximum of R25 million per qualifying project.
- The incentive is effective from 1 September 2023.

Eligibility criteria:

The South African Film and Television Production Incentive is available to qualifying South African productions as follows:

- Productions must have a minimum QSAPE of R1.5 million for all qualifying production formats and a minimum of R500 000 for documentaries.
- At least 60% of the principal photography must be filmed in South Africa.
- At least 14 calendar days of the principal photography must be filmed in South Africa.
- For productions with a minimum QSAPE of R50 million, the 60% and 14 calendar days' requirements may be waived, and such discretion will take into account the budgetary implications of the decision made.
- The QSAPE must account for at least 75% of the total production budget (TPE).
- The majority of intellectual property must be owned by a South African citizen(s) and the copyright must be registered with the Companies and Intellectual Property Commission (CIPC).

- The director must be a South African citizen and be credited for this active role in the production.
- The top writer and producer credits must include South African citizens, either exclusive or shared collaboration credits.
- The majority of the five highest-paid performers must be South African citizens.
- The majority of HODs and key personnel must be South African citizens, with at least 20% of the HODs on core production functions being black South African citizens.
- The production company must achieve at least a level 3 B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice;
- The SPCV must achieve at least a level 4 B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice.

Mandatory conditions for both South African and Television Production and Co-Production incentive and the South African and Television Production incentive

- The applicant must be a South African production company.
- Use of multiple subsidiaries and connected companies to be regarded as production companies is not allowed.

- The applicant must procure a minimum of 20% of qualifying goods and services from entities that are 51% black-owned by South African citizens and have been operating for at least one year.
- The applicant must complete and submit an application prior to commencement of the project anywhere in the world. If a project commences prior to receiving an outcome from **the dtic**, the applicant would have done so at their own risk.
- If the applicant chooses to commence with the project prior to receiving an outcome, the project must be fully funded. Should such projects receive an approval, the project will not be eligible for milestone payments.
- The applicant must have secured at least 25% of the TPE, which should be fully committed at application stage.
- Where the project is not fully funded, the applicant must have secured at least 25% of the total production budget at application stage, supported by a firm commitment such as concluded agreements and ring-fenced funds in the SPCV bank account. Such applications must receive an outcome before commencing with the principal photography.
- Prior to commencing with principal photography, the applicant must have secured 100% of the budget following the grant awarding decision by **the dtic** and such proof must be submitted.

- The applicant must provide **the dtic** with a financial plan and signed contract from financier(s).
- The applicant must register a SPCV incorporated in the Republic of South Africa solely dedicated to the production of the film or television project to participate in this incentive programme. The SPCV must be wholly owned by the applicant.
- The qualifying expenditure and payments made to third-party companies must be settled directly from the primary bank account of the established SPVC.

INFRASTRUCTURE INVESTMENT INCENTIVES

CRITICAL INFRASTRUCTURE PROGRAMME (CIP)

The CIP aims to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business. The South African Government is implementing the CIP to stimulate investment growth in line with the National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan (IPAP).

The CIP is a cost-sharing incentive that is available to the approved applicant/s or infrastructure project/s upon the completion of verifiable milestones or as may be approved by the Adjudication Committee. Infrastructure is deemed “critical” to the investment if such investment would not take place without the said infrastructure or the said investment would not operate optimally.

Objectives

The programme is primarily designed to leverage private investment, but will also promote certain public-sector investments that create an enabling environment that leads to private investments.

Benefits

- The CIP offers a grant of 10% to 30% of the total qualifying infrastructural development costs, up to a maximum of R50 million, based on the achieved score in the economic benefit criteria.

- Agro-processing applicants and state-owned Aerospace and Defence National Strategic Testing Facilities: The CIP will offer a grant of 10% to 50% of the total infrastructural development costs, up to a maximum of R50 million.
- Projects that alleviate water and/or electricity dependency on the national grid: The CIP will offer a grant of 10% to 50%, up to a maximum of R50 million.
- Distressed municipalities and state-owned industrial parks: The CIP offers a maximum grant of up to 100%, capped at R50 million for infrastructural development. Applicants are encouraged to make a contribution according to affordability.

Mandatory Requirements

- The applicant must be a registered legal entity in South Africa.
- The project must be at least a level 4 B-BBEE contributor in terms of the Codes of Good Practice for B-BBEE. This requirement takes into account the exemptions in terms of Qualifying Small Enterprises (QSEs) as set out in terms of the Codes of Good Practice.
- For FDI (i.e. foreign investors incorporated in South Africa), where it can be proven that such a foreign investor does not enter into any partnership arrangements in foreign countries, the Codes of Good Practice make provision for the recognition of contributions in lieu of a direct sale of equity.
- For all projects, a grace period of 15 months after date of submission of the

application is given for them to comply. In all cases, a B-BBEE certificate should be submitted at claims stage.

- The envisaged investment projects that may qualify for benefits under any investment incentive schemes offered by **the dtic** are eligible to apply for the CIP, provided such application is not for the same infrastructure activity items proposed by the project.
- Projects that have applied for the Shared Economic Infrastructure Facility (SEIF) will not be funded or co-funded for the same infrastructure activity under the CIP.

SPECIAL ECONOMIC ZONE (SEZ) PROGRAMME

SEZs are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country.

The purpose of the SEZ programme is to:

- Expand the strategic industrialisation focus to cover diverse regional development needs and context.
- Provide a clear, predictable and systemic planning framework for the development of a wider array of SEZs to support industrial policy objectives, the IPAP and the New Growth Path.
- Clarify and strengthen governance arrangements, expand the range and quality of support measure beyond provision of infrastructure.
- Provide a framework for a predictable financing framework to enable long-term planning.

Benefits

SEZs have been identified as key contributors to economic development. They are the growth engines towards government's strategic objectives of industrialisation, regional development and employment creation. SEZs may be sector-specific or multi-product and the following categories have been defined as per the SEZ Act No. 16 of 2014:

- **Industrial Development Zone** means a purpose-built industrial estate that leverages domestic and foreign fixed direct investment in value-added and export-oriented manufacturing industries and services.
- **Free Port** means a duty-free area adjacent to a port of entry where imported goods may be unloaded for value-adding activities within the SEZ for storage, repackaging or processing, subject to customs import procedures.
- **Free Trade Zone** means a duty-free area offering storage and distribution facilities for value-adding activities within the SEZ for subsequent export.
- **Sector Development Zone** means a zone focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market.

Benefits of operating within an SEZ

A number of incentives will be available to ensure SEZ growth, revenue generation, creation of jobs, attraction of FDI and international competitiveness.

These SEZ incentives include:

- **Preferential 15% corporate tax**

  Businesses (prescribed in section 24(4) of the SEZ Act) that are located in a SEZ may be eligible for tax relief, including the reduced rate of corporate income taxation. In addition to satisfying the requirements of the SEZ Act, further criteria for some of the available tax incentives are stipulated in the Income Tax Act, 1962 (Act No. 58 of 1962).

- **Building allowance**

  Businesses and operators (prescribed in section 1 of the SEZ Act) operating within a SEZ may be eligible for tax relief, including a building allowance, subject to requirements contained in the Income Tax Act.

- **Employment incentive**

  Businesses and operators operating within a SEZ may be eligible for tax relief, including the employment tax incentive, subject to requirements contained in the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013).

- **Customs-controlled area**

  Businesses and operators located within a customs-controlled area of an SEZ will be eligible for tax relief as per the Value-Added Tax Act, 1991 (Act No. 89 of 1991), the Customs and Excise Act, 1964 (Act No. 91 of 1964), the Customs Duty Act 2014 (Act No. 30 of 2014) and the Customs Control Act, 2014 (Act No.31 of 2014).

- **12I Tax Allowance**

  The 12I Tax Incentive is designed to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (i.e. expansions or upgrades of existing industrial projects).

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