

# A Guide to the dti Incentive Schemes 2014/15



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

towards full-scale industrialisation and inclusive growth



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**Important Note:** All incentive schemes on offer by the Department of Trade and Industry (**the dti**) 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 dti**'s many incentive offerings are available via **the dti** website ([www.thedti.gov.za](http://www.thedti.gov.za)) and can also be obtained from the various administrative offices at **the dti** Campus.

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## Introduction

### Vision

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

### Mission

the dti's mission is to:

- 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; and
- Continually improve the skills and capabilities of the dti to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens.

## **Strategic Objectives**

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation.
- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives.
- Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth.
- Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner.
- Promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

## **Financial Assistance (Incentives)**

To increase industrial competitiveness and broaden the participation of enterprises in the economy, the dti provides financial support to qualifying companies in various sectors of the economy. Financial support is offered for various economic activities, including manufacturing, business competitiveness, export development and market access, as well as foreign direct investment.



## Section 1: Industrial Development 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.

#### Eligible Enterprises

- Light motor vehicle manufacturers that have achieved, or can demonstrate that they will achieve, a minimum of 50 000 annual units of production per plant within a period of three years; or
- Component or deemed component manufacturers that are part of the Original Equipment Manufacturer (OEM) supply chain and will achieve at least 25% of a total entity turnover or R10 million by the end of the first full year of commercial production as part of a light motor vehicle manufacturer supply chain, locally and/or internationally.

## **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 25% of the value of qualifying investment in productive assets, as approved by the dti.
- An additional non-taxable cash grant of 5% to 10% may be made available for projects that significantly contribute to the development of the automotive sector.

## Capital Projects Feasibility Programme (CPFP)

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

### Objectives

- Facilitate feasibility studies that will lead to high-impact projects, which will stimulate value-adding economic activities in South Africa.
- Attract high levels of foreign investment.
- Strengthen international competitiveness of South African capital goods sector and allied industries.
- Create sustainable jobs.
- Create a long-term demand for South African capital goods and services.
- Stimulate 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).
- Stimulate upstream and downstream linkages with SMMEs and BEE companies.



## **Eligible Enterprises**

- the dti will determine whether the feasibility study is eligible by taking the following into account:
  - Feasibility studies must be undertaken by a South African-registered legal entity 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).
  - If a feasibility study is undertaken by a foreign entity, the application will only be considered if that entity partners with a South African-registered company and the application is submitted by the South African entity.

## **Benefits**

The programme's contribution is in the form of a grant of up to 50% of the feasibility study costs for projects outside Africa and 55% for projects in Africa. The grant for the feasibility study is capped at a maximum of R8 million (VAT exclusive).



## **Clothing and Textile Competitiveness Improvement Programme (CTCIP)**

The CTCIP aims to build capacity among clothing and textile manufacturers and in other areas of the apparel value chain in South Africa to enable them to effectively supply their customers and compete on a global scale. Such competitiveness encompasses issues of cost, quality, flexibility, reliability, adaptability and the capability to innovate.

### **Objectives**

- The main objective of the CTCIP is to create a group of globally competitive clothing and textile companies, thus ensuring a sustainable environment that will retain and grow employment levels.

## Production Incentive (PI)

Under the PI, applicants can use the full benefit as either an upgrade grant facility or an interest subsidy facility, or a combination of both.

### Objectives

- Assist the industry in upgrading its processes, products and people.

### Eligible Enterprises

- Clothing manufacturers
- Textile manufacturers
- Cut, Make and Trim (CMT) operators
- Footwear manufacturers
- Leather goods manufacturers
- Leather processors (specifically for leather goods and footwear industries)



## Critical Infrastructure Programme (CIP)

The CIP aims to enhance investment by supporting critical infrastructure, thus lowering the costs of investment. It is made available to approved eligible enterprises upon the completion of the infrastructure project concerned. Infrastructure for which funds are required is deemed to be 'critical' if the 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.

## **Eligible Enterprises**

- The applicant must be a registered legal entity in South Africa (companies, private investors, co-operatives).
- Local and provincial governments, however, provincial governments can contribute towards projects, but cannot be applicants.

## **Benefits**

- The scheme offers a grant of a minimum of 10% to a maximum of 30% of the total infrastructural development costs, based on the score achieved in the Economic Benefit Criteria.
- The maximum available grant will be capped at R30 million per project.



## **Manufacturing Competitiveness Enhancement Programme (MCEP)**

### **Objectives**

- Encourage enterprises to upgrade their production facilities, processes, products and upskill workers.
- Provide for the upgrading of sectors to maximise output and employment.
- Expand existing Industrial Development Corporation (IDC) distressed funding facility to small and medium enterprises, and reduce the cost of capital for distressed enterprises.
- Reduce the price of working capital for exporters and businesses participating in Government infrastructure programmes.
- Strengthen the responsiveness of available incentive schemes to the current economic challenges.

### **Eligible Enterprises**

- Applications from the private sector defence industry falling under SIC357 (manufacture of special purpose machinery), 362 (manufacture of electronic components and boards), 374 (manufacture of measuring, testing, navigating and control equipment) and 386 (manufacture of air and spacecraft-related machinery) are included for MCEP support. Applicants falling under SIC 3577 (manufacture of weapons and ammunition) must be registered with the

National Convention Arms Control Committee (NCACC) and be in possession of the relevant permit for the manufacture of these products.

- Existing manufacturing enterprises that have been in operation for a period of not less than one year.
- Manufacturing (SIC 3) conformity assessment agencies servicing the manufacturing sector.
- Basic chemicals, basic iron and steel, manufacture of pulp and paper, basic precious and non-ferrous metals, petroleum refineries and processing of nuclear will be considered if projects create downstream jobs.
- Projects are required to sustain existing employment levels at the date of application for the duration of their participation in the MCEP.
- Only applicants that achieve at least a level four B-BBEE contributor status will be considered for MCEP until 31 May 2015, as from 1 June 2015 no plans will be accepted.
- Enterprises already receiving dedicated sector support are excluded, such as those benefiting from the MIDP, APDP, AIS and CTCIP.
- Enterprises that charge import parity pricing are excluded.

### **Benefits**

- Non-taxable grant calculated as a percentage of Manufacturing Value Added (MVA) and capped as follows:
  - 10% of MVA – enterprises with more than R200 million in assets



- 20% of MVA – enterprises with assets >R30 million and <R200 million
- 25% of MVA – enterprises with assets >R5 million and <R30 million
- 25% of MVA – 100% black-owned enterprises and enterprises with assets below R5 million  
– direct cost sharing
- $MVA = \text{sales/turnover} - \text{sales value of imported goods} - \text{sales value of other bought in finished goods} - \text{material input costs used in manufacturing process}$
- Available over a two-year period.

### **MCEP Components**

- Production Incentive (administered by the dti)
  - Capital Investment
  - Green Technology and Resource Efficiency Improvement
  - Enterprise-Level Competitiveness Improvement
  - Feasibility Studies
  - Cluster Competitiveness Improvement
- Loan Facilities (administered by the IDC)
  - Pre/Post-Dispatch Working Capital Facility
  - Distress Funding Interest Make-Up Facility
  - Niche Fund Facility



## People-Carrier Automotive Incentive Scheme (P-AIS)

### Objectives

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

### Eligible Enterprises

- The applicant must be a registered legal entity in South Africa in terms of any of the following legislation: the Companies Act, No. 71 of 2008; Companies Act, No. 62 of 1973 (as amended); the Close Corporations Act, 1984 (as amended); or the Co-operatives Act, No. 14 of 2005 (as amended), and must undertake manufacturing in South Africa.
- The project must be undertaken by a manufacturer of medium and heavy 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; or
- The project must be undertaken by a component manufacturer that is part of the original equipment manufacturer supply chain.

## Benefits

The P-AIS provides a cash grant of between 20% and 35% of the value of qualifying investment in productive assets approved by the dti.

- **Semi-Knocked-Down (SKD) Vehicle Assemblers:**

- SKD investments that have a start of production (SOP) from 1 January 2012 to 31 March 2015 may qualify for a grant of 20% of the qualifying investment costs; and
- To qualify for an additional 5% of the total qualifying investment cost, the project must demonstrate that the investment will result in base-year employment levels being maintained throughout the incentive period as well as during the model phase-out period.

- **Complete-Knocked-Down (CKD) Vehicle Assemblers:**

- CKD Investments that have a SOP between 1 January 2012 and 31 March 2015 may qualify for a grant of 25% of the qualifying investment costs;
- CKD investments with a SOP from 1 April 2015 onwards may qualify for a grant of 20%; and
- To qualify for an additional 5% of the total qualifying investment cost, the project must demonstrate that the investment will result in base-year employment levels being maintained throughout the incentive period as well as during the model phase-out period; and achieve at least two economic benefit requirements. To qualify for a second additional 5% bonus grant (cumulative 10%), the project by a CKD manufacturer, in addition to

achieving requirements in paragraph 7.2.4 of the guidelines, must achieve the economic benefit requirements outlined in the table in the guidelines.

- **Component Manufacturers**

- Component manufacturers that have a SOP from 1 January 2012 onwards may qualify for a grant of 20% of the qualifying investment costs;
- To qualify for an additional 5% of the total qualifying investment cost, the project must demonstrate that the investment will result in base-year employment levels being maintained throughout the incentive period and achieve at least two economic benefit requirements; and
- To qualify for a second additional 5% (cumulative 10%) P-AIS grant, the project by a component manufacturer, in addition to achieving requirements in paragraph 7.4.3 must achieve economic benefit requirements.



## Section 12I Tax Allowance Incentive (12I)

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). The new incentive offers support for both capital investment and training.

### Objectives

The objectives of the incentive programme are to support the following:

- Investment in manufacturing assets to improve the productivity of the South African manufacturing sector; and
- Training of personnel to improve labour productivity and the skills profile of the labour force.

## Offerings

- The incentive offers:
  - R900 million additional investment allowance in the case of any Greenfield project with a preferred status.
  - R550 million additional investment allowance in the case of any other Greenfield project.
  - R550 million additional investment allowance in the case of any Brownfield project with a preferred status.
  - R350 million additional investment allowance in the case of any other Brownfield project.
  - An additional training allowance of R36 000 per employee may be deducted from taxable income.
  - A maximum total additional training allowance per project, amounting to R20 million, in the case of a qualifying project and R30 million in the case of a preferred project.
  - According to the points system, an industrial policy project will achieve 'qualifying status' if it achieves at least five of the total 10 points and a 'preferred status' if it achieves at least eight of the total 10 points.

## Targeted Enterprises

- **The investment must be:**
  - A Greenfield project (new);
  - A Brownfield project (expansion or upgrade); or
  - Classified under 'Major Division 3: Manufacturing in the SIC codes'.

- **The project could score points for:**
  - Upgrade an industry within South Africa (via an innovative process, cleaner production technology or improved energy efficiency);
  - Provide general business linkages within South Africa;
  - Acquire goods and services from SMMEs;
  - Create direct employment within South Africa;
  - Provide skills development in South Africa; and
  - In the case of a Greenfield project, be located within an Industrial Development Zone (IDZ).

### **Support Programme for Industrial Innovation (SPII)**

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



## 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 upgrade or expansion of existing projects.

### Objectives

- Increase production
- Sustain and create jobs
- Encourage geographical spread
- Broaden participation

### Eligible Enterprises

- **Primary Aquaculture Operations**
  - Brood stock operations;
  - Seed production operations;
  - Juvenile (spat, fry, fingerling) operations, including hatchery and nursery facilities; and
  - On-growing operations, including but not limited to rafts, net closures, net pens, cages, tanks raceways and ponds.

## **Secondary Aquaculture Operations**


- Primary processing for aquaculture (post-harvest handling, eviscerating, packing, quick freezing);
  - Secondary processing for aquaculture (filleting, portioning, packaging);
  - Tertiary processing for aquaculture (value-adding such as curing, brining, smoking, further value adding such as terrines, roulades, pates, paters); and
  - Waste stream handling for aquaculture (extraction of fish oils, protein beneficiation, organic fertilizers, pet and animal feeds).
- **Ancillary Aquaculture Operations**
    - Aquaculture feed manufacturing operations;
    - Research and development projects related to aquaculture; and
    - Privately owned aquaculture veterinary services (farm inspections, disease surveillance and control, histopathological analysis, etc. specifically for the aquaculture industry).

## **Benefits**

The ADEP offers a reimbursable cost-sharing grant up to a maximum of R40 million qualifying costs in:

- Machinery and equipment (owned or capitalised financial lease);
- Bulk infrastructure;
- Owned land and/or buildings;
- Leasehold improvements;

- Competitiveness improvement activities; and
- Commercial vehicles and work boats (owned or capitalised financial lease).

A vertical drilling rig stands tall against a clear blue sky. In the foreground, two workers wearing blue uniforms and hard hats are seen from behind, looking towards the rig. A large cloud of dust or sand is being kicked up by the rig's base. The ground is dry and rocky.

## Section 2: Broadening Participation Incentives

### Black Business Supplier Development Programme (BBSDP)

The BBSDP is a cost-sharing grant offered to small black-owned enterprises to assist them to improve their competitiveness and sustainability so they are able to become part of the mainstream economy and create employment. The BBSDP provides a grant to a maximum of R1 000 000 (R800 000 maximum for tools, machinery and equipment and R200 000 maximum for eligible enterprises to improve their corporate governance, management, marketing, productivity and use of modern technology).

#### Eligible Enterprises

- Majority black-owned enterprises with a predominantly black management team.
- Enterprises with a turnover of R250 000 to R35 million per year.
- The enterprise must have been operating and trading for at least one year.

## Objectives

- To improve the sustainability of black-owned enterprises, thereby increasing employment.

## Benefits

- R800 000 for tools, machinery and equipment on a 50:50 cost-sharing basis (contribution by the dti = 50%; contribution by the enterprise = 50%).
- R200 000 for business development services on an 80:20 cost-sharing basis (contribution by the dti = 80%; contribution by the enterprise = 20%).

## Co-operative Incentive Scheme (CIS)

The CIS is a 100% grant for registered primary co-operatives, in the emerging economy to acquire competitive business development services, and the maximum grant that can be offered to one co-operative entity under the scheme is R350 000.

## Objectives

- Promote co-operatives through the provision of a matching grant.
- Improve the viability and competitiveness of co-operative enterprises by lowering the cost of doing business.
- Assist co-operatives to acquire their start-up requirements.
- Build an initial asset base for emerging co-operatives to enable them to leverage other support.
- Provide an incentive that supports broad-based black economic empowerment (B-BBEE).

### **Eligible entities**

- Incorporated and registered in South Africa in terms of the Co-operatives Act of 2005 (Act No. 14 as amended).
- Operating or will operate in the emerging sector.
- Adhere to co-operatives principles.
- Emerging co-operatives owned by historically disadvantaged individuals.
- Rural and semi-urban based.
- Biased towards women, youth and people with disability.

### **Eligible Activities**

- Business development services
- Business profile development
- Feasibility studies/market research
- Production efficiency
- Technological improvement projects
- Plants and machinery
- Start-up requirements
- Working capital requirements



## Technology and Human Resources for Industry Programme (THRIP)

THRIP is a partnership programme funded by the dti. On a cost-sharing basis with industry, THRIP supports science, engineering and technology research collaborations focused on addressing the technology needs of participating firms and encouraging the development and mobility of research personnel and students among participating organisations.

## Incubation Support Programme (ISP)

the dti initiated the ISP as a grant to develop incubators into successful enterprises with the potential to revitalise communities and strengthen local and national economies. The ISP encourages partnerships in which big business assists SMMEs with skills transfer, enterprise development, supplier development and marketing opportunities.

### Programme Description

- The objective of the programme is to encourage private-sector partnerships with Government to support incubators to develop SMMEs and nurture them into sustainable enterprises that can provide employment and contribute to economic growth.
- The programme aims to provide funding for incubators that can generate revenue through the provision of services and initiatives that can be self-sustainable.



- The ISP will be available on a cost-sharing basis between the Government and private sector partners. It is available for infrastructure and business development services necessary to mentor and grow enterprises to ensure that within two to three years they will graduate to a level of self-sustainability by providing products and services to the market.
- The programme is effective from 1 September 2012 to 31 March 2022.

### **Qualifying Costs**

The following costs are eligible for support:

- Business development services (e.g. business advisory services, coaching and mentoring, training, facilitation of funding, production efficiency and improvement, quality and standards acquisition);
- Market access;
- Machinery, equipment and tools;
- Infrastructure linked to incubators (buildings, furniture);
- Feasibility studies for establishing and expanding incubators;
- Product or service development;
- Information and Communication Technology (ICT); and
- Operational costs.

The Adjudication Panel may consider for support any other costs related to the activities of the incubator.

### **Grant Support**

- Grant approval will be based on projections for the first year at application stage whereas approval for subsequent years will be dependent on the review of the actual performance of the preceding year against agreed milestones.
- All payments will be made directly to the incubator's primary account.
- The grant approval is capped at a maximum of R10 million (VAT inclusive) per financial year over a three-year period and is subject to the availability of funds.
- The ISP offers a cost-sharing support of 50:50 for large businesses and 40:60 for SMMEs.
- After the three-year period, applicants may apply for assistance for an additional three years and must comply with the guidelines of the ISP.

### **Eligibility Criteria**

- The applicant must either be:
  - A registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended) the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended); or
  - Be a registered higher or further education institution; or

- Be a licensed and/or registered science council.
  - » The programme is available to applicants that want to establish new incubators or wish to grow and expand existing ones.
  - » The supported incubator may either offer physical and/or virtual incubation support services.
  - » The incubator to be supported may be a corporate incubator; a private investor's incubator; an academic or research institution incubator in partnership with industry, and must be focused on establishing and/or growing enterprises that will graduate to sustainable enterprises.

### **Application Procedure**

- Applicants are welcome to contact the dti directly or appointed business support agencies in the provinces for assistance with the application process.
- Applicants must submit a proposal to the dti outlining the objectives of the project and demonstrate how the incubator would function and be sustainable over time.

Proposals must be submitted to the ISP Secretariat at the dti.



## Section 3: Trade, Export and Investment Incentives

## Business Process Services (BPS)

The South African Government implemented a Business Process Outsourcing and Offshoring (BPO&O) incentive as from July 2007. Government's Industrial Policy Action Plan (IPAP) II has identified BPS as a key sector for investment attraction and job creation. As part of a process of improving the country's position as an investment destination, a systematic review of the BPO&O incentive was undertaken with the private sector, resulting in a revised BPS incentive.

### Objectives

- The BPS incentive aims to attract investment and create employment in South Africa through offshoring activities.

### Eligible Enterprises

- the dti will determine whether an applicant is eligible to benefit from the BPS incentive by taking the following into account:
  - The project must employ at least 80% youth as part of its employment establishment. In this instance, youth refers to people between the ages of 18 and 35;
  - The new project or expansion of an existing project must have created 50 new offshore jobs in South Africa by the end of three years from the start of operation, as defined in these guidelines;
  - The project must be financially viable;

- The project must commence with operations and engagement of employees no later than six months from the date of the BPS 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 a joint-venture arrangement, at least one of the parties must be registered in South Africa as a legal entity; and
- A pilot project that will result in an investment and the creation of jobs within the six-month trial period.

## **Benefits**

- A base incentive that offers a three-year operational expenditure (OPEX) grant, which tapers in line with the narrowing cost gap between South Africa and other destinations.
  - The base incentive grant is calculated on projected offshore jobs to be created based on a tapering scale and is awarded on actual offshore jobs created.
  - The base incentive is paid for three years per tapering scale from the date that the offshore job is created.
- A graduated bonus incentive is offered for greater job creation, if the applicant exceeds certain annual offshore job creation targets.
  - The bonus incentive is available to applicants that create more than 400 offshore jobs and is structured in two components.

- The bonus incentive is to be paid only in year three and year five when the applicant becomes eligible.

## **Export Marketing and Investment Assistance (EMIA)**

### **National Pavilions at International Events**

the dti assists South African exporters by organising National Pavilions to showcase local products at international trade exhibitions. The EMIA scheme bears costs for space rental, the construction and maintenance of stands, electricity and water charges, as well as freight charges, up to a maximum of three cubic metres or two tonnes per exhibitor.

### **International Trade Exhibition Assistance**

the dti provides financial assistance to Export Councils, Industry Associations, Provincial Trade and Investment Promotion Agencies (PIPAs), Joint Action Groups (JAGs), Export Clubs and Chambers of Commerce for international trade exhibitions where there is no National Pavilion scheduled/ approved. The EMIA scheme bears costs for the rental of exhibition space, stand-building, services, freight-forwarding and travel, but will exercise discretion on the market and sector. If approved, the relevant applicant will manage the entire project on behalf of the dti, including all procurement matters.

### **Group Outward-Selling Missions**

the dti provides assistance to South African exporters who seek to conclude export orders with foreign buyers. These missions are organised by Export Councils, Chambers of Commerce, PIPAs, Export Clubs or the dti.

### **Group Outward-Investment Missions**

the dti provides assistance to South African entities that seek to encourage and attract foreign direct investment (FDI) into South Africa. These missions are organised by Export Councils, Chambers of Commerce, PIPAs, Export Clubs or the dti.

Please note that the Group Outward-Investment/Selling Mission offerings also include assistance for:

- Export/investment seminars and conferences
- Market research missions
- Bidding/lobbying missions

### **Eligible Enterprises**

- South African manufacturers and exporters.
- South African export trading houses representing at least three SMMEs or businesses owned by Historically Disadvantaged Individuals (HDIs).



- South African commission agents representing at least three SMMEs/HDI-owned businesses.
- South African Export Councils, Industry Associations and JAGs representing at least five South African entities.

## **Objectives**

- Provide marketing assistance to develop new export markets and grow existing markets.
- Assist with the identification of new export markets through market research.
- Assist companies to increase their competitiveness by supporting patent registrations, quality marks and product marks.
- Assist with facilitation to grow FDI through missions and research.
- Increase the contribution of black-owned businesses and SMMEs to South Africa's economy.

## **Benefits**

- Individual participation offerings and in-store promotion:
  - Transport of samples
  - Rental of exhibition space
  - Construction of stand
  - Interpretation fees
  - Internet connection
  - Telephone installation

- Subsistence allowance per day
- Return economy class airfare
- Exhibition fees up to a maximum of R50 000
- Primary market research and FDI: Exporters will be compensated for costs incurred 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
  - Patent registration in a foreign market: 50% of the additional costs, capped at R100 000 p.a.
  - Production of marketing materials
- Individual inward missions: Assistance under this scheme is extended towards capacity building and skills transfer.
  - Return economy class airfare
  - Subsistence allowance per day
  - Rental of vehicles



## Film and Television Incentive

The South African Government offers a package of incentives to promote its film production and post-production industry, which includes the Foreign Film and Television Production and Post-Production Incentive, the South African Film and Television Production and Co-Production Incentive, and the South African Emerging Black Filmmakers Incentive.

The Foreign Film and Television Production and Post-Production Incentive aims to attract foreign-based film productions to shoot on location in South Africa and conduct post-production activities in the country. The South African Film and Television Production and Co-Production Incentive aims to assist local film producers in the production of local content.

## Foreign Film and Television Production and Post-Production Incentive

Note: Apply before commencing principal photography or conducting online post-production.

### Eligible Enterprises

- Foreign-owned qualifying productions with a minimum of Qualifying South African Production Expenditure (QSAPE) of R12 million and above, provided that at least 50% of principal photography is done in South Africa, for a minimum of four weeks;
- An applicant must be a Special Purpose Corporate Vehicle (SPCV) incorporated in the

Republic of South Africa solely for the purpose of the production of the film or television or post-production project;

- An applicant must be the entity responsible for all activities involved in the making of the production in South Africa and must have access to full financial information for the whole production worldwide; and
- Only one entity per production is eligible for the incentive.

#### **Benefits (production only)**

- 20% of QSAPE
- Minimum running time is 80 minutes
- No capped amount for the grant

#### **Benefits (production and post-production)**

- Shooting on location in South Africa and conducting post-production with Qualifying South African Post-Production Expenditure (QSAPPE) of R1.5 million in the country, the incentive will be calculated at 22,5% of QSAPE and QSAPPE (additional 2,5%).
- Shooting on location in South Africa and conducting post-production with a QSAPPE of R3 million and above in South Africa, the incentive will be calculated as 25% of QSAPE and QSAPPE (an additional 5% will be added).

### **Benefits (post-production only)**

- Foreign post-production with QSAPPE of R1.5 million, the incentive is calculated at 22,5% of QSAPPE.
- Foreign post-production with QSAPPE of R3 million and above, the incentive is calculated at 25% of QSAPPE.
- Minimum of two weeks.
- If 100% of post-production is conducted in South Africa, the minimum requirement for number of weeks will be waived.

### **South African Film and Television Production and Co-Production Incentive**

Note: Apply before commencing principal photography.

#### **Eligible Enterprises**

- The incentive is available to qualifying South African productions and official treaty co-productions with a total production of R2.5 million and above.
- SPCV incorporated in the Republic of South Africa solely for the purpose of the production of the film or television project. The SPCV and the parent company(ies) must have a majority of South African shareholders, of whom at least one must play an active role in the production and be credited in that role.

- An applicant must be the entity responsible for all activities involved in the production of the film in South Africa and must have access to full financial information for the whole production worldwide.
- Only one entity per production is eligible for the incentive.

### **Benefits**

The incentive is calculated as 35% of the first R6 million of QSAPE and 25% of the QSAPE on amounts above R6 million.

## **South African Film and Television Production and Co-Production Incentive**

### **Eligible Enterprises**

- SPCV incorporated in the Republic of South Africa solely for the purpose of the production of the film or television project. The SPCV and parent company(ies) must have a majority of South African shareholders of whom at least one must play an active role in the production and be credited in that role.
- An applicant must be the entity responsible for all activities involved in making the production in South Africa and must have access to full financial information for the whole production.
- Only one film production, television drama or documentary series per entity is eligible for the incentive.

- The following formats are eligible: feature films, telemovies, television drama series, documentaries and animation.
- The incentive is available only to qualifying South African productions and official treaty co-productions with a total production budget of R2.5 million and above.

### **Objectives**

- To support the local film industry and contribute towards employment opportunities in South Africa.

### **Benefits**

- The rebate is calculated as 35% of the first R6 million of QSAPE and 25% of the QSAPE on amounts above R6 million.

## **The South African Emerging Black Filmmakers Incentive**

The South African Emerging Black Filmmakers Incentive is available to South African black-owned qualifying productions.

### **Objectives**

- To nurture and capacitate emerging black filmmakers to take up big productions and contribute towards employment opportunities.



## Eligible Enterprises

- South African black-owned qualifying productions with a total production budget of R1 million and above.
- An applicant must be a registered SPCV incorporated in the Republic of South Africa solely for the purpose of the production of the film or television project.
- Have been in existence, operational and involved in the film industry for at least six months, with at least a 10-minute trailblazer or short film produced.
- The holding/service company(ies) must have at least 65% South African black shareholders and the SPCV at least 75% South African black shareholders, of which the majority must play an active role in the production and be credited in that role.
- An applicant must be the entity responsible for all the activities in the making of the production and must have access to full financial information for the entire production.
- Both the applicant SPCV and holding/service company(ies) must comply with the requirements for B-BBEE as issued in the Government Gazette of 11 October 2013 in terms of the Codes of Good Practice.
- Both the applicant SPCV and holding/service company(ies) must achieve at least a level three B-BBEE contribution status in terms of the B-BBEE Codes of Good Practice.
- Both the applicant SPCV and holding/service company(ies) must submit a valid B-BBEE certificate issued by an accredited verification agency at application stage.

- Only one film production, television drama or documentary series per entity per application is eligible for the incentive.

### **Benefits**

- A rebate of up to 50% for the first R6 million of the QSAPE and 25% thereafter. No cap is applicable for this rebate.

## **Sector-Specific Assistance Scheme (SSAS)**

The SSAS is a reimbursable 80:20 cost-sharing grant offering financial support to Export Councils, JAGs and Industry Associations. The scheme comprises two sub-programmes, namely Generic Funding and Project Funding for Emerging Exporters (PFEE). The aim of the SSAS is aligned to the dti's overall objectives in several respects, as indicated below.

### **SSAS has two components:**

- **SSAS: Generic Funding**

Funding of non-profit business organisations in sectors and sub-sectors of industry prioritised by the dti.

### **Benefits**

- Export development costs: market research, consultancy fees and other related expenses

- Export promotion costs: consultancy fees and other expenses
- Product development costs: consultancy fees and other expenses
- Company development costs: consultancy fees and expenses towards installing or improving quality management systems
- Service development costs
- Advertising and publicity (international)

- **SSAS: Project Funding for Emerging Exporters**

Compensates the costs in respect of activities aimed at the development of South African emerging exporters.

### **Objectives**

- Develop an industry sector as a whole
- Develop new export markets
- Stimulate job creation
- Broaden the export base
- Propose solutions to factors inhibiting export growth
- Promote the broader participation of black-owned businesses and SMMEs in the economy

## **Benefits**

- Travel and accommodation, transport of samples and marketing materials, exhibition costs, subsistence allowance, specialised training (product development, project management, etc.)
- Maximum allocation per project is R1.5 million

## **Eligible Enterprises**

- Export Councils established through application to the dti. An Export Council is a Section 21 (non-profit) company that represents the developmental and promotional objectives of a particular industry or industries on a national level.
- Industry Associations, which are representative of sectors or sub-sectors of industry prioritised for development and promotion by the dti, as determined by the relevant Customised Sector Desk and Export Promotion Unit.
- Joint Action Groups (JAGS), which are groups of three or more entities. This group seeks to co-operate on a project in a particular sectors or sub-sector of industry prioritised for development and promotion by the dti.
- Provincial investment and economic development agencies.
- Business chambers.
- Small Enterprise Development Agency (seda).
- Local municipalities.
- Metropolitan councils.

## Notes

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**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

towards full-scale industrialisation and inclusive growth

