

the dti Incentive Programmes

SUMMARY



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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Industrial Development Incentives Division

**the dti's
strategic
objectives**

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation
- Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

**IDAD's mission
statement**

- To stimulate and facilitate the development of sustainable, competitive enterprises through efficient provision of effective and accessible funding mechanisms (i.e. incentive schemes) that support national priorities



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INCENTIVE SCHEMES

CLUSTER	INCENTIVE SCHEME
MANUFACTURING INVESTMENT	<ul style="list-style-type: none">• Enterprise Investment Programme (EIP)• 12i Tax Incentive• Automotive Incentive Scheme (AIS)• People-carrier Automotive Investment Scheme (P-AIS)
COMPETITIVENESS INVESTMENT	<ul style="list-style-type: none">• Manufacturing Competitiveness Enhancement Programme (MCEP)• Export Marketing & Investment Assistance (EMIA)• Capital Projects Feasibility Programme (CPFP)
SERVICES INVESTMENT	<ul style="list-style-type: none">• Film & Television Production• Business Process Services (BPS)
BROADENING PARTICIPATION	<ul style="list-style-type: none">• Black Business Supplier Development Programme (BBSDP)• Co-operative Incentive Scheme (CIS)• Incubator Support Programme (ISP)
INFRASTRUCTURE INVESTMENT	<ul style="list-style-type: none">• Critical Infrastructure Programme (CIP)

Manufacturing Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
EIP: Manufacturing Investment Programme	Investment in the manufacturing sector	Manufacturers with emphasis on lead sectors.	<ul style="list-style-type: none"> •15-30% grant for investment in land & buildings, machinery & equipment and customised commercial vehicles •15% transportation costs for machinery & equipment by FDI
Foreign Investment Grant (FIG)	Incentivise the actual transport costs of relocating qualifying new machinery and equipment	Foreign Direct Investorrss setting up manufacturing projects in South Africa	15% of the value of qualifying imported machinery and equipment to a maximum of R10m
EIP: Aquaculture Development and Enhancement Programme	Investment in the aquaculture sector	SA entities involved in Fish hatcheries and fish farms (primary aquaculture), processing and preserving of aquaculture fish (secondary aquaculture), service activities to operators of hatcheries and fish farms (ancillary aquaculture)	20 - 45% grant for investment in land, and buildings , machinery and equipment , commercial vehicles and work boats and bulk infrastructure
Automotive Investment Scheme (AIS)	Investment in light motor vehicles, and components manufacturing.	Motor vehicle manufacturers producing 50,000 units per plant within 3 years •Component manufacturers.	20-30% grant for qualifying investment in machinery & equipment and buildings.



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Manufacturing Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
People-carrier automotive investment Scheme (P-AIS)	Investment in people-carrier vehicles and components manufacturing.	People carrier manufacturers / assemblers •Component manufacturers.	20-30% grant for qualifying investment in machinery & equipment and buildings.
12I (Investment and training allowance)	To promote industrial upgrading and new investment in manufacturing	Medium to large manufacturers with investment between R30m and R1.5bn	<ul style="list-style-type: none"> • Max 55% of qualifying investment costs in machinery & equipment • Training allowance: max R36 000 per person



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Competitiveness Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
Manufacturing Competitiveness Enhancement Programme (MCEP)	Improve Manufacturing Competitiveness	South African Manufacturers and Services Supporting Manufacturing	Cost sharing grant for Capital investment; Resource efficiency improvement; Enterprise-level competitiveness improvement; Feasibility studies; Cluster competitiveness improvement; Pre- and post-dispatch working capital facility
Export Marketing and Investment Assistance (EMIA)	To develop export market for SA goods and services and recruit FDI	Export ready manufacturers	Cost sharing grant for exhibition costs, marketing material & research in foreign markets
Capital Projects Feasibility Programme	Promote the export of South African capital goods and services	Capital goods sectors and consulting engineers	Cost sharing grant (max 55%) for feasibility study costs



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Services Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
BPS (Business Process Services) Incentive	Encourage the creation of employment opportunities from the offshore market	Enterprises offering Business Process Services to the offshore market	<p>A baseline incentive which offers a 3-year operational expenditure on actual jobs created</p> <p>A graduated bonus incentive which is offered for greater job creation paid once in the year in which the bonus level is first achieved</p>
Film & TV Production	To grow the film industry to create jobs and to transfer skills	Local and foreign film producers	<p>20% of Qualifying South African Production Expenditure (QSAPE). Minimum QSAPE of R12m.</p> <p>25-35% of Qualifying South African Production Expenditure for local films. Minimum QSAPE of R2.5m</p>



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Broadening Participation Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
Black Business Supplier Development Programme (BBSDP)	Broader participation of black-owned SMMEs through provision of business development services	<ul style="list-style-type: none"> • Majority black owned entities • R250k to R35m turnover • 1 year trading 	<ul style="list-style-type: none"> • Cost-sharing grant of up to R1 million • 80:20 cost sharing grant for business development services • 50:50 cost sharing grant for tools, machinery and equipment
Cooperative Incentive Scheme (CIS)	Broader participation by promoting the development of cooperatives	<ul style="list-style-type: none"> • Registered co-operative • Operate in the emerging sector • Manufacturing, retail & services 	<ul style="list-style-type: none"> • 100% grant for machinery, equipment & business development services • Maximum of R350 000



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Broadening Participation Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
<p>Incubator Support Programme</p>	<p>Encourage private sector partnership with government to: support incubators in order to develop SMMEs</p> <p>nurture SMMEs into sustainable enterprises that can provide employment and contribute to economic growth</p>	<ul style="list-style-type: none"> • South African registered legal entity • Registered higher education or further education institution in partnership with private sector • Licensed and/or registered science council in partnership with private sector 	<ul style="list-style-type: none"> • 50:50 cost-sharing support for large private sector investors • 60:40 cost-sharing support for SMMEs • Capped at a maximum of R10 million per financial year over a 3 year period.



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Infrastructure Investment Cluster

PROGRAMME	PURPOSE	TARGET	OFFERING
Critical Infrastructure Programme (CIP)	Leverage strategic investment projects (Greenfields and brownfields) by financially supporting infrastructure critical to such projects	<ul style="list-style-type: none">•Private investors/ companies•South African Municipalities	A cash grant to a maximum of 30% capped at R30million for qualifying infrastructure expenditure.



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Website:

www.thedti.gov.za

Government incentives website:

www.investmentincentives.co.za



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