ETHEKWINI

INVESTMENT INCENTIVES

PACKAGE

2020 | 2021

INVEST DURBAN

CONTENTS

ETHEKWINI MUNICIPAL INCENTIVES

eThekwini offers prospective investors a property rate rebate incentive and tax based incentive. These are explained in the section below.

ECONOMIC DEVELOPMENT INCENTIVE POLICY

The offer of incentives aims to:

- create an attractive and investor friendly environment;
- encourage urban regeneration;
- provide for inclusive investment;
- stimulate local employment and local procurement; and
- Provide detail to Clause 14 of the Municipality's Rates Policy aimed at activating local economic impact and increasing the revenue base of the City.

Durban Golden Mile

The purpose of this policy is to:

- Describe the range of financial incentives;
- Establish processes and procedures for the promotion, management and implementation of economic incentives.

The rebate is based on a formula determined by the council

Financial incentive is offered to the following categories of new investment in the City:

CATEGORY	CRITERIA	INVESTMENT VALUE	MAXIMUM % AGE REBATE
Investment Value	New investment in any industrial or commercial property development.	R0 - R299 million; or	10%
		>R300 million	20%
Jobs Created	FTE Jobs created post construction in new investment in any Sector for a fixed 3-year period.	All inclusive	
	• 50-250 jobs		5%
	• 251-500 jobs and above.		10%
	FTE jobs in new investment in the Targeted Sectors the 3-year period post construction: • 50-250 jobs	All inclusive	15%
	• 251-500 and above jobs.		20%
Targeted Sectors	Investment in Targeted Sectors as defined in the eThekwini Inclusive Growth Strategy 2020-2025.	All inclusive	40%
Spatial Priority: Prime Investment Corridor, Special Inner City Incentives, Transit Oriented Development Nodes, Secondary Nodes, Former Township Areas.	Investment in Spatial Priority Area. As defined in the City's Spatial Development Plan & the Inclusive Growth Strategy 2020-2025	All inclusive.	20%

An application form for financial incentives is available on the Municipality's website **www.durban.gov.za**

Applications may also be submitted in hard copy to the ED Unit in the required format, following prior arrangements

The ED Unit will receive the applications via a dedicated email and or physical address, and provide a confirmation of receipt to applicants

Applicants will be notified in writing of the outcome of the decision

The Council reserves the right to allocate an incentive at its sole discretion, based on City priorities and the annual budget process. The City has received a number of applications, and are in the process of awarding rebates to successful applicants.

Website for applications is:
For registered eThekwini Municipality customers:
https://eservices.durban.gov.za/v2/

For non-registered users applications forms can be obtained by email. Kindly contact the Dr Nuthan Maharaj for assistance: ***Nuthan.Maharaj@durban.gov.za***

INVEST DURBAN UNIT NON-FINANCIAL INCENTIVES

The Invest Durban Unit provides investors with the following services which are considered non-financial incentives.

Investment Services:

- General Economic information
- Research on specific sectors
- Introduction to key suppliers, financiers and customers
- Retention and expansion services
- Opportunity identification and development
- Local market analysis
- Site evaluation and selection
- Business establishment assistance
- Investor Aftercare, plus

Destination Services: (Outsourced to Consulting Firm – up to 20 complimentary hours work)

- Immigration visa support
- Orientation tours
- Continuous relationship maintenance

Business Establishment & Administration Services:

- Application for Municipal Property Rates Rebate for Flagship Projects
- Formal company registration service (outsourced with costs covered)
- National Department of Trade & Industry incentives application service
- Business Admin Support,

ETHEKWINI MUNICIPALITY URBAN DEVELOPMENT ZONE (UDZ) 2011-2020

Background to the Urban Development Zone (UDZ) Tax Incentive: Accelerated Capital Depreciation Allowance

The Urban Development Zone (UDZ) tax incentive was introduced in 2003 by the Minister of Finance in Partnership with major cities in South Africa, including eThekwini municipality.

The UDZ tax incentive allows property owners who upgrade or erect new buildings in a demarcated CBD area to depreciate their buildings in an accelerated manner as prescribed by the Income Tax Act (58 of 1962), section 33 (7) of the Revenues Law Amendment Act (45 of 2003) including section 13.

The Income Tax Act (58 of 1962) permits property owners/developers to write off building costs against the income of businesses in the promulgated UDZ areas.

The legislation was amended in 2005 (Revenue Laws amendment Act 31 of 2005) to accommodate taxpayers that purchase buildings or parts thereof, for example sectional title units, directly from developers. There were further legislation amendments in 2008, provisions of this amendment include:

(1) Extension of the UDZ scheme expiry date from 2009 to 2020,

(2) Reducing of the claiming period for new builds from 17 years to 11 years and

(3) Extension of the UDZ scheme to incorporate low income residential developments.

The aim of the UDZ tax incentive is to regenerate urban areas and business districts, thereby stimulating economic development. The incentive does this through encouraging capital investment in buildings in the UDZ defined urban areas.

How the UDZ and Tax Incentives operates

The tax incentive has an immediate benefit to a taxpayer who has a taxable income, or operates a profitable business (taxable) from the applicable buildings. However, where a taxpayer is not currently in a profitable position, the tax incentive can also create an assessed loss which can be utilized in future years of assessment. Write off is against all income, not only the income earned from the building in question, as long as the taxpayer continues to use the refurbished/ constructed/extended building for purposes of trade.

General operations and procedure

No tax deduction shall be allowed, unless the taxpayer has submitted the following documentation to SARS, together with the relevant tax return in which the deduction is claimed:

1. A UDZ location certificate obtained from the municipality confirming that the building is located in an approved UDZ,
2. An occupancy certificate obtained from the municipality,
3. A completed **UDZ 1** (building erected, extended, added to or improved) or UDZ 2 (building purchased directly from developer).
4. Where a building or part of a building is purchased from a developer, a UDZ 3 form must be completed by the developer that constructed or improved the building or part of the building. The developer must confirm that
   - the erection or extension of, addition to or improvement of the building or part of the building was commenced by the developer on or after the date of publication of the particulars pertaining to the demarcation of the relevant area in which the building is located, in terms of a contract formally and finally signed by all parties thereto on after that date;
   - the construction or improvement by the developer covered the entire building or at least a floor area of 1 000 m²;

- the developer has not claimed any UDZ allowance in respect of the building or part thereof;
- a certificate of occupancy has been issued by the relevant municipality in respect of the building or that part of the building; and
- in the case of the improvement of a building or part of a building, the developer has incurred expenditure in respect of those improvements which is equal to at least 20 per cent of the purchase price paid by the taxpayer in respect of the building or part of a building.

5. If the estimated costs to be incurred by the developer in erecting new building or refurbishing an existing building, which he intends to sell, is likely to exceed 5 million rand, a **UDZ 4** form is completed. Part A of the form is completed and submitted within 30 days of the commencement of construction or refurbishment of the building and part B is submitted within 30 days after the sale of the building or parts of the building.

UDZ 1,2,3 and 4 forms can be obtained from SARS offices or SARS website www@sars.gov.za.

The location certificate and the relevant UDZ form must then be submitted with the taxpayer's relevant tax return to SARS in order to claim the deduction.

Investors are required to complete and submit the UDZ registration form to the municipality together with the building plans being submitted for approval. The UDZ registration form gives a preliminary confirmation that the building is located within the UDZ and serves to alert the municipality and SARS of the number of construction projects underway or soon to be undertaken within the UDZ.

Time frames

The incentive became effective in respect of a UDZ when the particulars of the demarcated area were published in the *Gazette*, that is, the 10th of December 2004 in the case of the eThekwini Municipality. The 2005 Revenue Laws Amendment Act identified the 31st of March 2020 as the end date for bringing any building located in a UDZ into use for purposes of claiming the incentive. In the interactions Invest Durban has made with SARS and National Treasury prospective investors can still apply for this tax incentive whilst it is being reviewed.

How the UDZ tax incentive works: examples

EXAMPLE 1:
How does the incentive reduce my tax?

Facts: After spending R1 million on renovating an existing building and assuming an income of R2 million is made by the taxpayer from this building which is to be used solely for purposes of that taxpayer's trade:

Result:

Income	R 2 000 000
Depreciation Allowance (for 5 years)	R 200 000 (20% of R1000 000)
Taxable Income =	R 1 800 000
28 % Company Tax	R 504 000 (28% of R1800000)

Without the depreciation allowance it would have been R560 000 (28% of R2 000 000)

Contact Persons and Information

EThekwini Municipality:

Chantel.Palayan@durban.gov.za

PROVINCIAL AND NATIONAL INVESTMENT INCENTIVES

TRADE AND INVESTMENT KWAZULU-NATAL

EThekwini Municipality in 2019 signed a Memorandum of Understanding with Trade and Industry KwaZulu-Natal. The provincial entity is responsible for investment and trade facilitation at a provincial level. TIKZN was established to promote the province of KwaZulu-Natal as an investment destination and to facilitate trade by assisting local companies' access international markets. The institution also boasts highly skilled staff members from, especially, marketing, investment promotion, strategy and research, as well as project management backgrounds.

The organisation came into being following the national government's decision to divest investment promotion to the provinces, rather than retaining it as a national function as had previously been the case. Internationally, the Department of Trade & Investment promotes the country as an investment destination, whereas Trade & Investment KwaZulu-Natal presents a seamless trade and inward investment promotion for, specifically, KwaZulu-Natal. The agency is equipped with the professional expertise and experience as well as national and international networks geared to maintaining and growing KwaZulu-Natal's competitive advantage as a premier investment destination and leader in export trade.

INVESTMENT FACILITATION SERVICES

- The facilitation of joint ventures and business linkages between small and big business;
- The provision of relevant, reliable information to investors and traders;
- Assistance with applications for both investment and export marketing incentives;
- Assistance to foreign investors with applications for business permits;
- Negotiation of Local Government incentives on behalf of investors;
- Provision of project support and after-care services;
- Assistance to merging international traders and with international trade enquiries; and
- Assistance to investors for their location to suitable premises and for securing project and operational finance.

BUSINESS RETENTION AND EXPANSION

- The organisation's business retention and expansion function was established in order to better facilitate the business expansion and business retention needs of KwaZulu-Natal-based companies.
- It also assists municipalities, industry associations and business enterprises to develop business linkage opportunities.

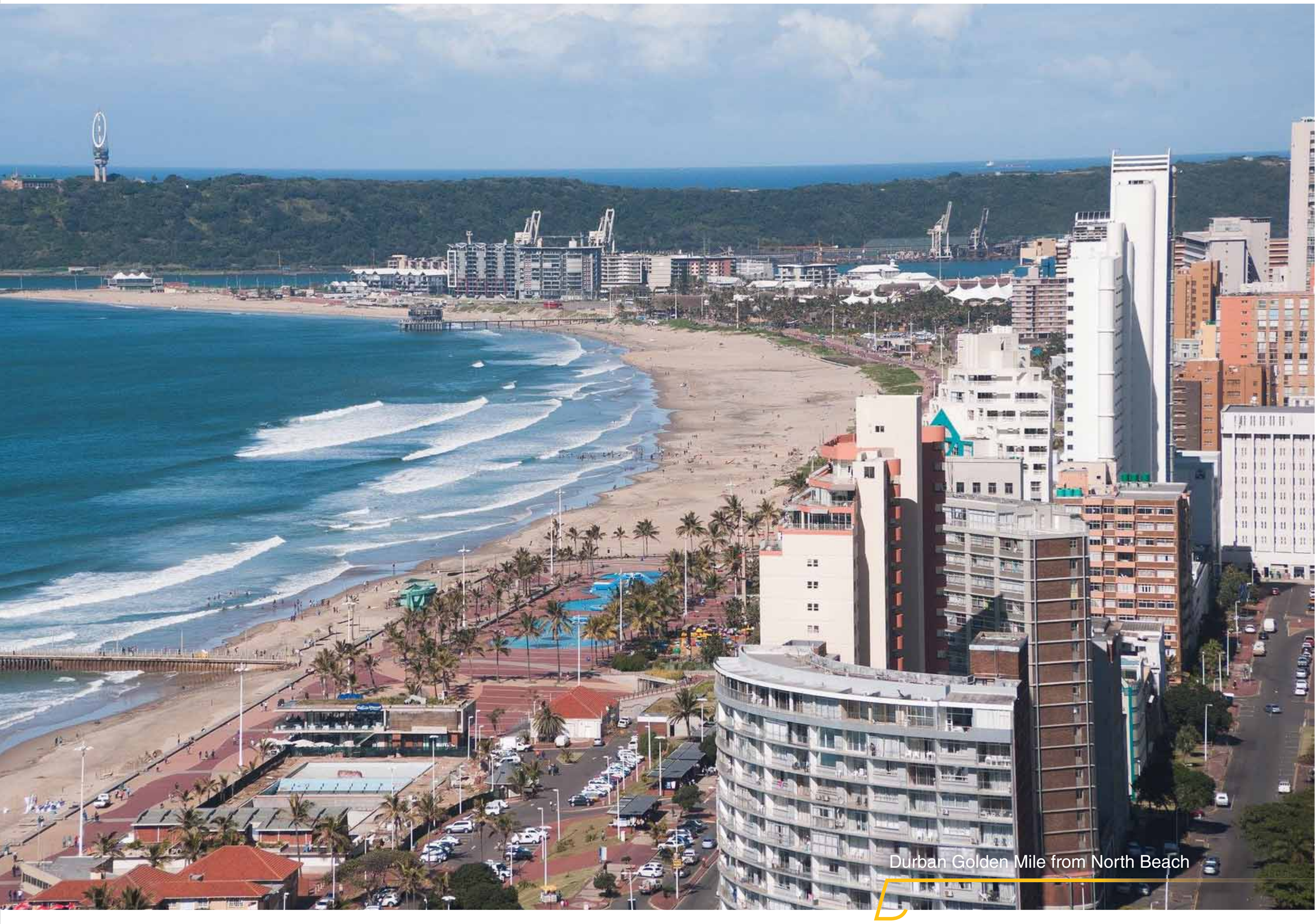
Technical Assistance Fund

The Technical Assistance Fund is a Fund, which was established to assist project promoters in the province of KwaZulu-Natal to package projects so that they can qualify for funding from larger financial institutions. In the main, this fund seeks to improve the economic status of the province of KwaZulu-Natal and its people and ultimately contribute to the economy of South Africa in general. The fund will address some of the existing challenges and assist in developing bankable business plans for projects, which are within the TIKZN mandate and are of strategic importance in terms of contributing towards the provincial growth and development strategies.

Contact details for TIKZN are;

Physical Address:
Trade & Investment House
1 Arundel Close
Kingsmead Office Park
Kingsmead Boulevard
Stalwart Simelane Street
Durban
4001

Contact Details:
Tel: + 27 (0) 31 368 9600
Fax: + 27 (0) 31 368 5888
Email: info@tikzn.co.za



Durban Golden Mile from North Beach

DEPARTMENT OF TRADE AND INDUSTRY AND COMPETITION (KZN)

Department of Trade and Industry Incentives administered by DTI regional office in Durban and National DTI based in Pretoria.

Special Economic Zones Tax Incentive Guide

The new SEZ Policy provides a clear framework for the development, operation and management of SEZs and addresses the challenges of the IDZ Programme.

The purpose of the SEZ programme is to:

- Expand the focus of strategic industrialisation 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 Industrial Policy Action Plan (IPAP), NDP and the NGP;
- Clarify and strengthen governance arrangements, and expand the range and quality of support measures beyond the provision of infrastructure
- Provide a framework for predictable financing to enable long-term planning.

SPECIAL ECONOMIC ZONES TAX INCENTIVES

The KwaZulu-Natal Province has within its jurisdiction two Special Economic Zones, the first is Dube Trade Port and the second is the Richards Bay Industrial Development Zone located in Richard Bay. For investors interested in locating within the SEZ's the following incentive schemes would apply.

To complement the Department of Trade and Industry's (the dti's) SEZ strategy, a package of tax incentives will be available to qualifying companies locating in approved SEZs, subject to certain criteria.

The tax incentives for qualifying companies include:

- VAT and customs relief if located within a Customs-Controlled Area (CCA);
- Employment tax incentive;
- Building allowance; and reduced corporate income tax rate.

The design and eligibility criteria for each incentive seeks to strike a balance between achieving the objectives of higher levels of investment, growth and employment creation, and ensuring that incentives are appropriately targeted for efficiency purposes, while minimising any deadweight loss to the fiscus.

Qualifying businesses located within a CCA will qualify for VAT and customs relief (similar to that for the current IDZs). The employment tax incentive will be available to businesses located in any SEZ. Businesses operating within approved SEZs (approval granted by the Minister of Finance, after consultation with the Minister of Trade and Industry) will be eligible for two additional tax incentives. Firstly, all such businesses can claim accelerated depreciation allowances on capital structures (buildings) and, secondly, certain companies (carrying on qualifying activities within an approved SEZ) will benefit from a reduced corporate tax rate (i.e. 15% instead of 28%).

Durban Harbour Entrance

VAT AND CUSTOMS RELIEF

Companies located within a CCA will be eligible for VAT and customs relief in accordance with the current VAT and customs legislation.

Characteristics of a CCA include:

- Import duty rebate and VAT exemption on imports of production-related raw materials, including machinery and assets, to be used in production with the aim of exporting the finished products;
- VAT suspension under specific conditions for supplies procured in South Africa; and
- Efficient and expedited customs administration.

More information on CCAs can be found on the SARS website (**www.sars.gov.za**).

EMPLOYMENT TAX INCENTIVE (ETI)

All employers employing low-salaried employees (below R60 000 per annum) in any SEZ will be entitled to the employment tax incentive. This is an incentive aimed at encouraging employers to hire young and less experienced work seekers. However, the employee age restriction will not apply for SEZs. It reduces an employer's cost of hiring people through a cost-sharing mechanism with Government, while leaving the wage the employee receives unaffected. The employer can claim the ETI and reduce the amount of Pay-As-You-Earn (PAYE) tax payable by the amount of the total ETI calculated in respect of all qualifying employees.

The employment tax incentive guide can be found on the SARS website.

BUILDING ALLOWANCE

Qualifying businesses operating within approved SEZs (by the Minister of Finance, after consultation with the Minister of Trade and Industry) will be eligible for an accelerated depreciation allowance on capital structures (buildings). The special rate of capital (depreciation) allowances in lieu of normal allowances will be available for erecting or improving buildings and other fixed structures. This rate will equal 10% per annum over 10 years.

Companies engaged in the following activities, based on the Standard Industrial Classification (SIC) code issued by Statistics South Africa, will not qualify for the building allowance:

- Spirits and ethyl alcohol from fermented products and wine (SIC code 3051)
- Beer and other malt liquors and malt (SIC code 3052)
- Tobacco products (SIC code 3060)
- Arms and ammunition (SIC code 3577)
- Bio-fuels, if their manufacture negatively impacts food security in South Africa

REDUCED CORPORATE INCOME TAX RATE

Certain companies will qualify for a reduced corporate income tax rate of 15% for the period 2014-2024, instead of the current 28% headline rate. To qualify, the following conditions must be met:

- The company must be in a SEZ that is approved by the Minister of Finance (in consultation with the Minister of Trade and Industry);
- It must be incorporated or effectively managed in South Africa;
- At least 90% of the income must be derived from the carrying on of business or provision of services within that SEZ; and

The company must not be engaging in the following activities, based on the SIC code issued by Statistics South Africa:

- Spirits and ethyl alcohol from fermented products and wine (SIC code 3051)
- Beer and other malt liquors and malt (SIC code 3052)
- Tobacco products (SIC code 3060)
- Arms and ammunition (SIC code 3577)
- Bio-fuels if that manufacture negatively impacts on food security in SA

To assist companies in determining whether they are eligible for the tax incentives the following website may be referred to https://www.thedti.gov.za/financial_assistance/financial_assistance.jsp

Prospective investors can contact the following organisations for SEZ specific assistance

- Jabulani Sithole – Dube Trade Port
  Jabulani.Sithole@dubetradeport.co.za
- Tembukazi Koali – Richards Bay IDZ
  Tembakazi.Koali@rbidz.co.za

12I TAX ALLOWANCE INCENTIVE

The 12I Tax Allowance 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.

For further information, see http://www.thedti.gov.za/financial_assistance/financial_incentive

ONE-STOP-SHOP FACILITY

The dti has rolled out a One-Stop-Shop concept to the existing Industrial Development Zones in SEZs. In consultation with the key relevant national stakeholders, the Minister of Trade and Industry has entered into an Implementation Protocol for the successful co-ordination of these relevant functions. There are 3 one stop shops located in KwaZulu-Natal. The first is at Trade and Investment KwaZulu-Natal head offices in Durban, the second is a satellite site at Dube Trade Port and the third is at Richard Bay IDZ.

The aim of the SEZ One-Stop-Shop Facility will be to:

- Facilitate access by investors to all required permits and licences and other informational requirements in a timely manner;
- Eliminate steps in the approvals/administrative process and allow parallel rather than sequential approvals.

Key features of the One-Stop-Shop include:

- **Physical Planning**
  Helps investors with planning of development of the zones;
- **Licensing**
  Simplifies process of obtaining business licences;
- **Utilities**
  Facilitates a single point access to basic utilities required for setting up operating industrial zone and other establishments;
- **Industrial development incentives**
  Assists current and potential future tenants to understand and access the portfolio of sector-specific incentives and support measures available;
- **Financing**
  Facilitates access of investors to direct or indirect financial assistance to set up their business in the zones; and
- **Environmental compliance**
  Assists in maintaining environmental standards and obtaining environmental approvals.

In Durban the One Stop Shop is located at Trade and Investment KwaZulu-Natal, Kingsmead Office Park Kingsmead Boulevard 1 Arundel Close, Stalwart Simelane St, Durban, 4001. Contact number is +27 31 368 9600

There is a satellite One Stop Shop is located at Dube Trade Port SEZ on the ground floor, 29 Degrees South Building. 1 29° South, 7 Umsinsi Junction, La Mercy, Durban, 4399. Contact number +2732 814 0000

SEZ FUND FOR SEZ INFRASTRUCTURE DEVELOPMENT

Given longer term funding constraints, the Special Economic Zone (SEZ) Act and SEZ Policy encourage the private sector to play an active role in the SEZ Programme. The SEZ Act envisages both public and public-private partnerships (PPPs) in the development, operation and management of SEZs.

This offers the potential for a number of different models involving:

- Assembly of land parcels with secure title and development rights by the Government for lease to private zone development groups;
- Build-operate-transfer approaches to onsite zone infrastructure and facilities with Government guarantees and/or financial support; and
- Contracting private management for Government-owned zones or lease of Government-owned assets by a private operator.

An SEZ fund intends providing multi-year funding for SEZ infrastructure and related operator performance improvement initiatives aimed at accelerating the growth of manufacturing and internationally traded service operations, to be located within the designated zones.

Industrial infrastructure is expected to leverage FDI and private investment and achieve the following:

- Increased exports of value-added products;
- Measurable improvement in levels of localisation and related value chains;
- Increased beneficiation of mineral and agricultural resources;
- Increased flow of FDI;
- Increased job opportunities; and
- Creation of industrial hubs clusters and value chains in underdeveloped areas.

The SEZ Fund will be available for infrastructure projects within designated SEZs to:

Applicants currently operating with a valid operator permit, subject to confirmation that an investor that requires infrastructure support has been signed and the investment is in line with the programme objectives;

- Applicants that are licensees in terms of Chapter 5 of the SEZ Act;
- SEZ operators in terms of the SEZ Act; and
- A registered entity in South Africa in terms of the Companies Act.

For other industrial development Incentives and financial assistance offered by the dti and International Trade Administration Commission of South Africa (ITAC), please visit the dti website under the heading “Financial Assistance”.

National DTI Contact person

Ms Mamonoko Seane Deputy Director:
Special Economic Zones Stakeholder Management
Tel: +27 (0)12 394 5251
E-mail: MSeane@thedti.gov.za

Durban City Hall

DTI INCENTIVES BY SECTOR

The dti also offers incentives in the following sectors

- Agro-processing and Aquaculture
- Blue/Ocean economy, including vessel building and repair
- Creative industries/ film sector
- Mineral beneficiation
- Aerospace, rail and automotive components
- Chemical allied industries
- Metals and allied industries
- Nuclear industries
- Manufacturing: textile and clothing, pulp, paper and furniture
- Oil and gas
- Electro-technical
- Chemicals, pharmaceuticals and plastics

For more details on sector related incentives and qualification criteria visit the following website: https://www.thedti.gov.za/financial_assistance/financial_assistance.jsp

BLACK INDUSTRIALISTS SCHEME

The objectives of the BIS are to:

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

For the definition of the Programme, a *black industrialist* refers to a juristic person, which includes co-operatives incorporated in terms of the Companies Act, 2008 (as amended) that:

- Are owned by black South Africans as defined by the Broad-Based Black Economic Empowerment (B-BBEE) Act,
- Creates and owns value-adding industrial capacity and
- Provides long-term strategic and operational leadership to a business

The following are characteristics of a black industrialist application (as per the dti guidelines):

- High levels of ownership (>50%) on application to the scheme;
- Dominant black ownership and management control may be considered for projects that are deemed strategic by the dti, but may need to include other shareholders to attract relevant skills, finance and scale-up the investment opportunities;
- Exercises control over the business;
- Takes personal risk in the business;

- Does business in the manufacturing sector with particular reference to IPAP focus areas (the dti focus sectors); and
- Makes a long-term commitment to the business and is a medium- to long-term investor

BIS offers a cost-sharing grant ranging from 30% to 50% to approved entities to a maximum of R50 million.

- The quantum of the grant will depend on the level of black ownership and management 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 the maximum of 3% of projected investment project cost);
- post-investment support (to the maximum of R500 000); and
- Business development services (to the maximum of R2 million).

The maximum grant of R50 million may be fully utilised on capital investments or can be split between capital investment and other support measures (i.e. investment support and business development services).

QUALIFYING COSTS

Capital Investment

- Machinery and equipment (owned or capitalised financial lease), tools, jigs and dyes and forklifts at cost, including green technology, energy and resource-efficiency equipment
- Owned and leased (capitalised lease) factory buildings at cost. The investment in qualifying buildings must either constitute newly acquired buildings or the acquisition of an existing building at cost.
- Commercial vehicles (owned or capitalised financial lease) are only eligible if such vehicles are to be used for commercial purposes linked to the production process. This includes vehicles such as for collection, delivery and distribution of goods.

Investment Support

- support for project feasibility studies and related assessments that have a positive impact on developmental aspects, including job creation, skills development and black business empowerment
- Specialised technical training will be supported in selected areas identified by the BI with the assistance of the DFIs

Grant calculation

The quantum of the grant will depend on the level of Black ownership and points achieved on the economic benefit criteria as per the table below:

POINTS ON THE ECONOMIC BENEFIT CRITERIA	PERCENTAGE BLACK OWNERSHIP		
1 to 3 points	50% - 75%	>75% -90%	>90% -100%
4 to 6 points	30%	35%	40%
7 points	40%	45%	50%

EXPORT MARKETING INVESTMENT ASSISTANCE

The Export Marketing and Investment Assistance (EMIA) scheme develops export markets for South African products and services and to recruit new foreign direct investment into the country.

Objectives

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

Benefits

Individual Exhibition Participation:

- Transport of samples;
- Rental of exhibition space;
- Construction of stands;
- Interpretation fees;
- Internet connection;
- Telephone installation;
- Subsistence allowance per day;
- Return economy-class airfare; and
- Exhibition fees up to a maximum of R45 000.

Primary Market Research & Foreign Direct Investment:

- Exporters will be compensated for costs incurred recruiting in 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; and
- Marketing material.

Individual Inward Missions:

- Assistance is provided to South African entities organising an inward buying investor, to make contact with them to conclude an exporters order or to attract foreign direct investment.
- Registration of a patent in a foreign market: 50% of the additional costs capped at R100 000 pa;
- Return economy class-airfare;
- Subsistence allowance per day; and
- Rental of exhibition space.

Eligible enterprises

- South African manufactures and exporters;
- South African export trading houses representing at least three SMMEs or businesses owned by Historical Disadvantaged Individuals (HDIs);
- South African commission agents representing at least three SMMEs / HDI-owned businesses;
- South African exports councils, industry associations and JAGs representing at least five South African entities.
- Other incentive programmes offered
- Strategic Partner Programme; and
- Support Programme for Industrial Innovation

Contact person for latest DTI Incentives on offer Sihle Dlamini SDlamini@thedti.gov.za the regional Dti office is located on 136 Margaret Mncadi Avenue. The contact number is +2731 334 2560.


Transnet Port Terminals – Container Handling

EMPLOYMENT CREATION SUPPORT

The following incentives are available for the creation of employment particularly in encouraging investors to employ young people.

EMPLOYMENT TAX INCENTIVE

The employment tax incentive is aimed at encouraging employers to hire young and less experienced work seekers. If an employer is eligible to receive the employment tax incentive in respect of a qualifying employee, the employer may reduce its employees' tax payable

In order to claim an ETI there must be an employment contract between the employer and the qualifying employee. The employer will furthermore only be able to claim the ETI credit if it is tax compliant for all tax types. the Employment Tax Incentive (ETI) for qualifying employees were increased from R 1 000 to R 1 500 for the first 12 qualifying months and from R 500 to R 1 000 to the second 12 qualifying months.

For an employer to qualify for ETI it must:

- not be a public entity
- be a registered employer (registered for PAYE)
- not form part of government or a municipality
- not be disqualified from receiving the incentive by not meeting the conditions as may be prescribed by the Minister by regulation and
- not be disqualified from receiving the incentive by the Minister of Finance due to the displacement of an employee.

A qualifying employee

- was employed on or after 1 October 2013
- is between 18 and 29 years old (except if the employer operates and the employee works inside a special economic zone) (extended to include employees between the ages 30 – 65 for periods 1 April 2020 – 31 July 2020)
- is not a domestic worker
- is not a "connected person" in relation to the employer
- has a valid South African ID, an ID issued in terms of the Refugee Act or has an Asylum Seeker permit
- is paid a wage of between R 2 000 and R 6 500 per month based on 160 hours of work per month.
- where the hours worked is than 160 hours the wage earned must be either grossed up or grossed down to 160 hours.

ETIs can only be claimed for 24 months per qualifying employee, even if that employee still qualifies as a qualifying employee after the first 24 months have been exhausted.

SECTION 12H OF INCOME TAX ACT (REGISTERED LEARNERSHIPS)

Section 12H of the Income Tax Act (the Act) provides for an allowance to employers in respect of qualifying 'registered learnership agreement'(s) entered between the employer and employee. The allowance is intended as an incentive for employers to train employees in a regulated environment in order to encourage skills development and job creation. A 'registered learnership agreement' is defined as one which is: Registered in accordance with the Skills Development Act, 1998; and entered between a learner and an employer before a date specified in the Income Tax Act. The Department of Employment and Labour is able to assist employers in registering their learnership programs with the relevant industry sector education authority.

http://www.labour.gov.za/sdp_how_to_set_up_learnerships_if_you_are_an_employer

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YOUTH EMPLOYMENT SERVICE INITIATIVE

The Youth Employment Service is an initiative between business, government, labour, civil society and young people. Under the programme, businesses will create one-year paid positions for youth aged between 18 and 35 with a minimum paid stipend of R3,500 a month. Those businesses which do not have the capacity to place more people in their organisations have the option of sponsoring the salary for a one-year placement in small and medium enterprises or to help young people start and grow their own businesses through seed funding.

YES is a collaborative economic enabler led by business with government and labour for youth. For companies interested in finding out more information the contact details for YES are https://www.yes4youth.co.za/ and email address is corporatesupport@yes4youth.co.za

INVEST DURBAN CONTACT DETAILS

For more information on Durban as an investment destination please visit our website www.invest.durban

Our offices are located 41 Margaret Mncadi Avenue, Durban. Contact person Pumla.Jali@durban.gov.za +2731 311 4035.

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