



## ECONOMIC INCENTIVES

# MEDIUM & HEAVY COMMERCIAL VEHICLES AUTOMOTIVE INVESTMENT SCHEME

### OBJECTIVE OF THE SCHEME

- To grow and develop the automotive sector
- Investment through new or replacement models and components
- Increase production volumes
- Create or sustain employment
- To strengthen the automotive chain.

### BENEFITS

- Non-taxable cash grant of 20% of the qualifying investment for medium and heavy commercial vehicle manufacturers and 25% for component manufacturers and tooling companies, disbursed over 3 years
- Strategic projects
  - Additional non-taxable grant of 5% or 10%.

### WHO CAN BENEFIT?

#### TRUCK MANUFACTURERS

- Medium and heavy commercial vehicles must comply with the extent of assembly (CKD definition as specified in Note 5 to Chapter 98)
- Engine and transmission, axles, radiators, suspension components, steering mechanisms, braking or electrical equipment and instrumentation may be imported into South Africa however must be fitted to the floor pan or chassis frame within South Africa
- Body or cab must be fitted to floor pan or chassis frame within South Africa
- As from 1 April 2016 new projects must comply with the amended CKD definition.



## BUS CHASSIS MANUFACTURERS

- Chassis, engine and transmission assemblies must comply with the extent of assembly (CKD definition as specified in Note 5 to Chapter 98)
- Chassis, engine and transmission assemblies must be assembled semi-knocked down in South Africa and hang-on parts (fuel tank, tyres, battery, wheel rims) for the chassis may be imported into South Africa however must be fitted to the floor pan or chassis frame within South Africa
- As from 1 April 2016 new projects must comply with the amended CKD definition

## COMPONENT MANUFACTURERS, DEEMED COMPONENT MANUFACTURERS, TOOLING COMPANIES AND BUS AND TRUCK BODY MANUFACTURERS

- Component manufacturer who can prove that a contract has been awarded or letter of intent received for the manufacturer of components to supply medium and heavy commercial vehicle manufacturer supply chain locally or internationally
- Component manufacturer who can prove that after this investment it will achieve at least 25% of total entity turnover or R10m annually by the end of the first full year of commercial production
- Bus body manufacturers awarded contract by entity to Original Equipment Manufacturer (OEM) must prove that the bid was awarded and contract has been entered into with the OEM

## TIMING

- Medium and heavy commercial vehicles manufacturers, apply 120 days prior to commencement of production
- Component manufacturers and/or tooling companies, apply 90 days prior to commencement of production

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#### WE TAKE IT PERSONALLY

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