



ECONOMIC INCENTIVES

AUTOMOTIVE PRODUCTION DEVELOPMENT PROGRAMME

AUTOMOTIVE INVESTMENT SCHEME (AIS)

To grow and develop the automotive sector through investment that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain

BENEFITS

- Non-taxable cash grant of 20% (vehicle manufacturers) or 25% (component manufacturers) of the qualifying investment, disbursed over 3 years
- Strategic projects
 - Additional non-taxable grant of 5% or 10%

WHO CAN BENEFIT?

- Light motor vehicle manufacturers
- Original equipment manufacturer supply chain
 - Component manufactures
 - Deemed component manufacturers

TIMING

- Light motor vehicle manufacturers
 - Apply 180 days prior to commencement of production
- Component manufacturers and/or deemed component manufacturers
 - Apply 90 days prior to commencement of production

PRODUCTION REBATE CREDIT CERTIFICATES (PRCC)

To encourage local production

BENEFITS

- A production incentive based on a percentage of the value addition being the difference between the selling price and the cost of materials
- Certain local materials are classified as 'standard materials' and qualify for a 25% exclusion from material cost
- Component manufacturers who fall into industries designated as 'vulnerable' will qualify for an additional 15% exclusion from material cost reducing to 25% by 2017 and a higher Production Incentive (PI) factor reducing to the same as non-vulnerable industries by 2020
- The grant will be payable in the form of PRCCs which will be rebatable

WHO CAN BENEFIT?

- Original vehicle equipment manufacturers
- Automotive component manufacturers where the local content of the components is not less than 25% and whose OEM supply chain turnover is the lower of R10 million or 25% of total automotive turnover

TIMING

- To be claimed within twelve months from the date of the sales invoice for the eligible product

DECLARATION OF FOREIGN CURRENCY USAGE (C1)

PURPOSE

- To be used by motor vehicle manufacturers to determine the dutiable amount of the foreign currency content of components which have been obtained from local purchases used in the production of locally marketed vehicles

TIMING

- To be audited within six months after financial year end



VOLUME ASSEMBLY ALLOWANCE (VAA)

To allow vehicle manufacturers to import a percentage of their components duty free

BENEFITS

- The VAA is based on the Company Specific Percentage
 - Locally marketed vehicles: difference between recommended retail list price (RRLP) and dealer's invoice price (excluding VAT), *ad valorem* excise duty and environmental levy, plus market related expenditure as a percentage of RRLP
 - Exported vehicles: market related expenditure as a percentage of selling price
- The VAA is rebatable against import duty on imported components in locally marketed vehicles. Unused surplus can either be carried forward or used to rebate imported vehicles at a reduced percentage

WHO CAN BENEFIT?

- Light motor vehicle manufacturers of "specified" motor vehicles with a minimum annual production of 50 000 vehicles

TIMING

- To be completed within 45 days after quarter close

SCHEME (P-AIS)

To stimulate the 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.

BENEFITS

- Complete knocked down vehicle assemblers
 - Taxable cash grant of 20% of qualifying investment cost for start of production after 1 April 2015
 - Additional taxable grant of 5% or 10% for strategic projects
- Component manufacturers
 - Non-taxable cash grant of 25% of qualifying investment cost
 - Additional non-taxable grant of 5% or 10% for strategic products

WHO CAN BENEFIT

- People carrier vehicle assemblers
 - Complete Knocked Down (CKD) Vehicle Assemblers
- Component manufacturers

TIMING

- People carrier manufacturers and component manufacturers
 - Apply 90 days prior to the start of production

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WE TAKE IT PERSONALLY

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