



# Business Tax Incentives and Grants

SAIT Webinar  
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*YOUR KEY TO THE TAX COMMUNITY*



**Presenter:**

**Moeketsi Marumo**



## **Discussion Focus:**

- **Incentive expenditure trends**
- **Budget Focus Areas**
  - **Presidential Employment Initiatives**
  - **Agricultural support**
  - **Tourism support**
  - **SMME guarantee programme**
- **Extension of Sunset Clause**
- **Call for proposal Jobs Fund**
- **Social Employment Initiative**

# Budget Highlights: Incentive Expenditure Trends

- Budget over 3 years: **R17.8 billion**
- Additional **R1,358 billion** allocated for 2021
- High 2021 baseline, spending in the Industrial Financing programme is expected to decrease at an average annual rate of 4.8 per cent, from R6.2 billion in 2021/22 to R5.4 billion in 2024/25.

## Expenditure trends and estimates

**Table 39.16 Industrial Financing expenditure trends and estimates by subprogramme and economic classification**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
R million	2018/19	2019/20	2020/21	2021/22	2018/19 - 2021/22		2022/23	2023/24	2024/25	2021/22 - 2024/25	
Broadening Participation and Industrial Incentives	33.8	19.5	16.5	76.9	31.5%	0.6%	78.9	79.3	82.9	2.6%	1.5%
Manufacturing Incentives	3 325.2	3 470.2	2 235.8	3 619.2	2.9%	56.0%	2 327.3	2 601.3	2 685.3	-9.5%	51.6%
Services Investment Incentives	840.7	815.5	550.2	730.3	-4.6%	13.0%	746.3	755.7	789.3	2.6%	13.9%
Infrastructure Investment Support	1 328.0	1 567.3	2 069.9	1 762.1	9.9%	29.8%	1 823.3	1 673.2	1 785.5	0.4%	32.4%
Product and Systems Development	13.8	13.5	11.4	19.8	12.8%	0.3%	16.7	15.2	16.3	-6.3%	0.3%
Strategic Partnership and Customer Care	18.3	16.9	14.7	21.3	5.3%	0.3%	18.6	20.3	19.1	-3.7%	0.4%
<b>Total</b>	<b>5 559.8</b>	<b>5 902.9</b>	<b>4 898.5</b>	<b>6 229.6</b>	<b>3.9%</b>	<b>100.0%</b>	<b>5 011.1</b>	<b>5 145.1</b>	<b>5 378.4</b>	<b>-4.8%</b>	<b>100.0%</b>
Change to 2021 Budget estimate				1 358.5			(6.8)	(10.1)	(8.3)		

# Budget Highlights: Focus Area

## Presidential Employment Initiatives:

- **R18.4 billion** (R9 bn 22/23 and R9.4 bn 23/24 financial period) To support Youth Employment under the Presidential Employment Initiative over the next 2 years.
- dtic Social Employment Programme: **R1. 6 billion**
- Department of Employment and Labour: Network Pathway Programme: **R677 million**

Department	Name of initiative	2022/23		2023/24	
		Budget allocation (R thousand)	Targeted short-term jobs	Budget allocation (R thousand)	Targeted short-term jobs
National Treasury: neighbourhood development partnership grant	Metro Presidential Employment Programme Innovation Grant Placemaking in Townships, Informal Settlements and Inner Cities	800 000	33 000	855 600	33 000
Employment and Labour	Pathway management network	304 934	127 500	372 234	127 500
Trade, Industry and Competition	Social employment fund	861 566	33 000	787 941	35 000
National Treasury: provincial equitable share	Basic Education: presidential employment initiative	6 199 000	250 000	6 463 000	250 000
Higher Education and Training	Graduate placement in universities	94 500	3 000	99 225	3 000
Higher Education and Training	National Skills Fund: Pay for performance model	100 000	8 000	110 000	8 000
Sport, Arts and Culture	Creative sector support	440 000	24 405	462 000	24 405
Women, Youth and Persons with Disabilities	National youth service	200 000	35 000	250 000	35 000
<b>Total</b>		<b>9 000 000</b>	<b>513 905</b>	<b>9 400 000</b>	<b>515 905</b>

# Budget Highlights: Focus Area

## Agriculture Blended Finance:

- Blended Finance Programmes: Farmer Development and Post-settlement Support: **R6.8 billion**

## Department of Tourism:

- Tourism Equity Fund: **R360 million**

## New business bounce-back scheme will be launched:

- **R15 billion:** Small Business Loan Guarantees support mechanism
- **R5 billion:** Business Equity-Linked Loan Guarantee support mechanism
- Facilitated through participating banks and development finance institutions



# Extension of Sunset clause

## Research and Development Sunset clause:

- The R&D tax incentive sunset clause extended from 30 September 2022 to 31 December 2023.
- DSI call for comments on the review of the R & D Tax Incentive
- WG Submission to DSI: Policy and Administrative

### Policy Issues

- R&D definition;
- Removal of Innovation criteria;
- Exclusion Internal Business Process

### Administrative Issues:

- Pre approval process
- Approval of progress reports

# Extension of Sunset Clause

## Section 12L Energy Efficiency Tax Incentive:

- Energy Efficiency Tax Incentive sunset clause extended to 1 January 2023 to 31 December 2025.

## Jobs Fund Call for Proposal

- Call for proposals open from 17 Feb – 28 March
- Focus areas:
  - Enterprise Development;
  - Support for Work Seekers and;
  - Institutional Capacity Building
- Funding requirements: Minimum grant size
  - R10 million for applications submitted under the Enterprise Development and Support for Work Seekers funding windows and;
  - R5 million under the Institutional Capacity Building funding window



# Social Employment Initiative

- Call for proposals
- ‘Work for the common good’ refers to work that contributes to public goods and services, rather than private ones.
- Supports the Sustainable Development Goals and improves the quality of life in communities,
- Beneficiaries
  - Disadvantaged communities and groups
- Focus areas:
  - Community safety;
  - Health and Community care;
  - Youth Support and Recreation;
  - Support for digital inclusion
  - Informal settlement upgrading
  - Educational support
  - Greening