



# Business Tax Incentives and Grants

SAIT Webinar  
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*YOUR KEY TO THE TAX COMMUNITY*



**Anchor:**

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# Guests



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## **Discussion Focus:**

- **Introduction**
- **Role of government**
- **Role of BPESA**
- **Impact of lockdown on sector**
- **Perception and Performance of SA GBS sector**
- **Growth opportunities for the sector**
- **DTIC incentive performance**
- **Closing remark**

# INTRODUCTION

- South Africa's Global Business Service (GBS) industry, one of the fastest growing GBS delivery locations in the world.
- GBS includes:
  - call centres, technical support and back and front office services for major multinationals and South African firms.
- In the past three years, 82 000 jobs have been created in South Africa in the provision of business services to global companies – with a 22% annual growth in new jobs over this time
- Named as the Most Favoured Offshore CX (customer experience) Delivery Location for 2021 in the Annual Front Office Business Process Outsourcing (BPO) Omnibus Survey after being in second position the past three years.
- South Africa's comparative advantage:
  - Digital infrastructure
  - Fluent English-speaking
  - Young population, has created a solid enabling environment for these offshore services.
- Off the back of a strong partnership between government and the private sector.
- The GBS incentive was implemented to attract investment and create employment opportunities, predominantly for the youth, through offshoring activities, and to bring export revenue into the fiscus.

# ROLE OF GOVERNMENT

- Budget over 3 years: **R2,291 billion** for service industry
- Increased by 13.9% with average growth rate of 2,6%

## 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 (%)
	2018/19	2019/20	2020/21				2022/23	2023/24	2024/25		
R million				2021/22	2018/19 - 2021/22					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)		

# ROLE OF BPESA





# IMPACT OF LOCK DOWN





# PERCEPTION AND PERFORMANCE OF THE SECTOR

There is a perception that BPO refers to customer service centres, but it is in fact much bigger than that. How would you describe BPO sector to our membership with specific reference to the BPO masterplan?

The South African BPO community was voted no 1 in the 2022 Ryan Strategic Advisory, Most Favoured Offshore CX Location, together with sector giants India:

- How have we managed to attain and maintain this position?
- How do we leverage the success achieved in CX to grow the other sector verticals?

# GROWTH OPPORTUNITIES

In your opinion, what role will remote, or hybrid models play in the future of location strategy and how will it impact South Africa as a location of choice?

Our SAIT memberships comprises of individuals that cross all industry sectors for instance advisory services, financial services and telecom; what opportunities does the masterplan present for this membership body?

The masterplan has a strong focus, amongst others, on driving growth in skilled delivery centres; what are some of the strategies that BPESA will focus to achieve this growth?

# DTIC INCENTIVE PERFORMANCE

How has the global business services incentive programme, which is administered by the DTIC, catalysed growth in the sector and what are the key changes you foresee that may be required to attain the 500 000 cumulative new jobs by 2030?



# Closing Remarks

