

30 August 2024

**To: The South African Revenue Service**

Lehae La SARS  
PRETORIA  
0001

Via email: SARS: ([policycomments@sars.gov.za](mailto:policycomments@sars.gov.za))

**RE: COMMENTS RE: DRAFT GUIDE TO INCOME TAX BENEFITS IN SPECIAL ECONOMIC ZONES**

We refer to the draft document entitled *Draft Guide to Income Tax Benefits in Special Economic Zones* that was issued by South African Revenue Service ("SARS") for public comment.

We understand that this draft guide provides general guidance on the special income tax treatment in special economic zones (SEZs). And is restricted to the application of the SEZ legislation as it relates to the income tax incentives applicable to such zones.

We proceed to set out our commentary below.

**1. CHANGE IN THE NAME OF THE GOVERNMENT DEPARTMENT**

1.1. Extract from the glossary on page 1:

We refer to the following definition as indicated in the glossary: "*DTI*" means the Department of Trade and Industry"

1.2. Discussion

The government department's name changed from The Department of Trade and Industry ("DTI") to the Department of Trade, Industry and Competition ("DTIC") on 1 April 2020.

1.3. Request

We request for the correct disclosure of the government department and abbreviation in the glossary and throughout the draft guide where the abbreviation DTI is disclosed.

**2. SECTION 12 LISTED UNDER SPECIAL ECONOMIC**

2.1. Extract from section 3. Special economic zone incentives on page 12:

*"An additional investment allowance under section 12I(2).*

*Under this section a company may, subject to certain limitations and requirements, in addition to any other deduction allowable under the Act, deduct an amount equal to -*

- *100% of the cost of any new and unused manufacturing asset used in an industrial policy project with preferred status that is located within an SEZ;*  
*or*

*75% of the cost of any new and unused manufacturing asset used in an industrial policy project other than an industrial policy project with preferred status that is located within an SEZ”*

## 2.2. Discussion

It may create a false sense to companies that are located in a SEZ and plan to locate in a SEZ, that they may still apply and potentially qualify for the section 12I additional investment tax incentive

## 2.3. Request

We propose to include the following into this section:

*“Note that the window for application for an additional investment allowance under section 12I(2) closed on 31 March 2020. Only approved projects located in a SEZ that have not reached the end of the compliance period, can claim the allowance and get this tax benefit.”*

## **Conclusion**

We welcome the opportunity to comment and would welcome further engagement, where appropriate.

End.