

# INDUSTRIAL TAX ALLOWANCES

REQUEST FOR INFORMATION BY THE SOUTH AFRICAN HISTORY ARCHIVES  
PAIA REQUEST 0038/SAR/2011

## Background information

The information and documentation provided pertain to the current Industrial Policy Projects Programme (Section 12 I) and the Strategic Investment Programme (Section 12 G). Both these tax incentive programmes were designed to stimulate investment in the manufacturing sector, and operate(d) along similar lines.

## The Strategic Investment Programme

### Date Commenced

April 2002

### Date of Closure

Last applications were adjudicated in July 2005, monitoring of projects is still ongoing.

### Objectives

- Encourage investment into South African industry operations
- Significantly contribute to growth, development and competitiveness of specific industry sectors
- Create much-needed employment opportunities

### Policy Development

- Qualifying criteria were identified in legislation and regulations (see Annexure A and B)
- The original description of the scheme can be found in the Explanatory Memorandum that accompanied the legislation that introduced the section into the Income Tax Act (Annexure C – page 11 – 17)

### Results

See report attached (Annexure D)

## The Section 12 I allowance

### Date Commenced

December 2010 (First meetings of the Adjudication committee)

### Objectives

- Improve the productivity of the South African manufacturing sector, through investment in skills and improved equipment
- Support the industrial policy programmes of the Department of Trade and Industry
- Support economic development and employment in the manufacturing sector

### Policy development process:

1. Analysis of industry conditions & identification of policy options (Annexure H)
2. Bilateral interaction between National Treasury & dti
3. Draft legislation (Annexure E – pg. 81 - 86)
4. Receipt of public comments
5. Enactment (Annexure F)
6. Draft regulations

7. Receipt of public comments
8. Regulations were published in the Government Gazette (Annexure G)
9. Formal launch of the scheme

