

IS YOUR COMPANY CONDUCTING R&D IN SOUTH AFRICA?

GET THE BENEFITS OF THE
R&D TAX INCENTIVE FOR SOUTH AFRICAN COMPANIES!

SECTION 11 (D) OF THE INCOME TAX ACT

GET AN EFFECTIVE 14% REDUCTION IN SARS INCOME TAXES

COMPANIES OF ANY SIZE IN ANY SECTOR CAN QUALIFY FOR:

- AN ADDITIONAL 50% SARS TAX DEDUCTION ON OPERATIONAL R&D EXPENSES
- ACCELERATED DEPRECIATION ON R&D EQUIPMENT OVER 3 YEARS

REDUCE CORPORATE INCOME TAX THROUGH THE R&D TAX INCENTIVE FOR SOUTH AFRICAN COMPANIES

If your company undertakes Research & Development activities in South Africa, you have every reason to claim for the R&D Tax Incentive. The R&D Tax Incentive is aimed at encouraging businesses to undertake and invest in R&D in South Africa.

The South African R&D Tax Incentive is provided for in Section 11[D] of the Income Tax Act. You can refer to **SARS** website for more information.



WHAT ARE THE INCOME TAX BENEFITS FOR YOUR COMPANY?

It allows your company to deduct an additional 50 % for Operational R&D Expenses. This reduces your taxable income, hence your company gets an effective 14 % reduction in SARS income taxes.

There are additional benefits on R&D expenditure:

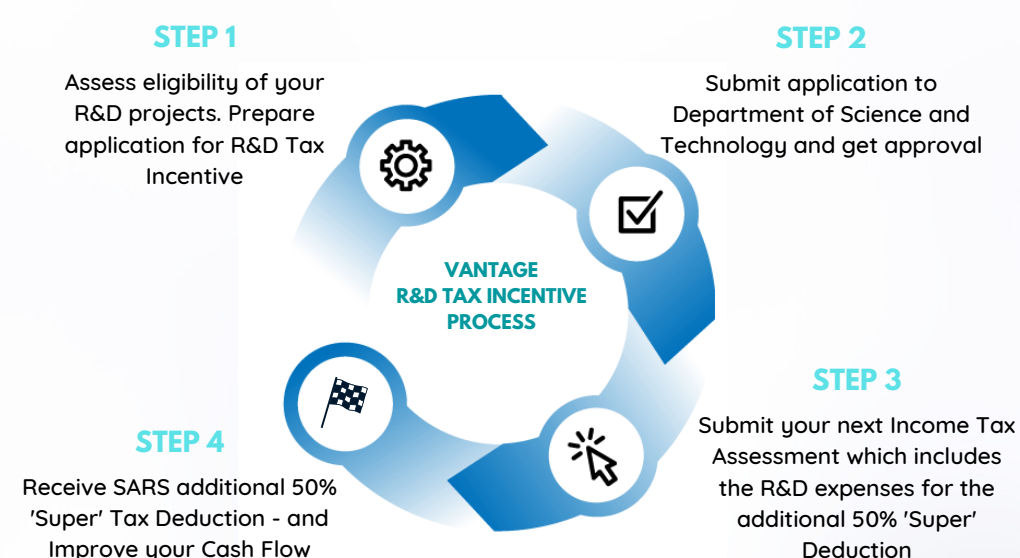
- you are allowed to deduct the full cost of pilot equipment [or moulds, dies, etc] in the year of the expense
- you are allowed to rapidly depreciate plant and machinery over 3 successive years at 50%, 30% and 20%

HOW DOES THE R&D TAX INCENTIVE WORK?

In order to qualify for the R&D Tax Incentive, you need to apply to the **Department of Science and Technology**, before you start the R&D projects. Once approved, the R&D projects are then eligible for the tax incentive.

The R&D Tax Incentive is open to businesses of any size, in any sector of the economy. You have to be a registered taxpayer with SARS. The R&D activities must be conducted here in South Africa. To claim the tax deduction, your accountant includes the expenses for the approved R&D projects and submits these with your next SARS assessment.

Here's how your business can qualify:



THE BENEFITS OF THE R&D TAX INCENTIVE FOR YOUR BUSINESS

- It lowers the marginal cost of R&D
- It reduces your tax burden
- It improves your cash flow and returns to shareholders
- It boosts R&D productivity
- It helps you fund more R&D and be more innovative
- You can carry forward unused tax credits until you need them

WHICH TYPES OF COMPANIES CAN QUALIFY?

Literally, any company can qualify: Manufacturing, Engineering, Pharmaceutical, Software, Agriculture, Construction, Healthcare, Food & Beverage, Engineering, Financial Services, etc

PHARMACEUTICAL COMPANIES ARE ALSO ELIGIBLE FOR THE R&D TAX INCENTIVE

The following activities also qualify for the R&D Tax Incentive:

- expenses for developing a Generic medicine
- expenses for running Clinical Trials in South Africa

MAKE THE R&D TAX INCENTIVE REALLY WORK FOR YOU

Improve your bottom line. Grow your business. Re-invest in more R&D

GET APPROVED AND SAVE ON CORPORATE TAX

The requirements for the Tax Incentive Programme are quite technical and requires knowledge of R&D and the regulations. We assist clients to get approval for the Tax Incentive. The savings are significant. It's worth the effort

REACH OUT TO VANTAGE FOR A COMPLIMENTARY ASSESSMENT