



science
& technology

Department:
Science and Technology
REPUBLIC OF SOUTH AFRICA



LINE-BY-LINE EXPLANATION GUIDE

Scientific and Technological Research and Development Tax Incentive application form



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Introduction

The purpose of this document is to explain the sections and fields of the research and development (R&D) tax incentive application form. The line-by-line explanations will assist companies in completing the R&D tax incentive form so that correct information will be provided.

The R&D tax incentive application form is an Adobe PDF form and is divided into five parts:

Part 1: Particulars of the company

Part 2: Summary of R&D to be undertaken

Part 3: Project/Programme/Technology Area-specific information

Part 4: Declaration and authorisation

Part 5: How did you find out about the R&D tax incentive?

Each field on the form is numbered, and this guide explains each number in more details.

How to complete the R&D tax incentive application form – line-by-line explanation

The following section explains how to complete each line on the form. We recommend that you read the explanations as you fill in the form.

Part 1 – Particulars of the company

Complete this part for the company making the claim.

Line 101 – Name of the company

Enter the name of the company as registered with the Companies and Intellectual Property Commission (CIPC).

Line 102 – Company registration number

Enter the registration number that pertains to your company.

Line 103 - Tax reference number

Enter the full company tax reference number that pertains to your company as registered with the South African Revenue Service (SARS).

Line 104a – Year of Assessment

Enter the dates of the beginning and end of the current tax year for which the company is applying.

Line 104b – Financial year

Enter the financial year of the company.

Lines 105 and 106 – Address details

Provide the postal and physical address for the purpose of further correspondence.

Lines 107 and 108 – Contact details

Provide the name, telephone number and email address of the person best suited to provide the supporting financial and technical information of the project(s), programme(s) or technological area(s).

Line 109 – Annual R&D budget for the current tax year

Provide the total amount budgeted for all R&D projects, programmes or technological areas included on the application form for the year of assessment in line 104(a).

Line 110 – Total revenue for the last financial year

Provide total revenue for the entire company.

Line 111 – Principal industrial activity

Provide the activity (refer to Annexure 1) which contributes to the total revenue of the company. In the event that the precise activity of the company does not appear in the list of activities in Annexure 1, you are requested to select the one which is most in line with that of the company.

Line 112 – SIC code(s)

Classify your R&D activities according to the Standard Industrial Classification (SIC) code in Annexure 2 of this explanatory guide.

Line 113 – Number of projects, programmes and technological areas on this application form

Enter the total number of projects, programmes and technological areas on the application form.

Line 114 – Number of employees in the company for this tax year

Provide the total number of all people employed by the company for the tax year indicated in line 104(a). This number should include R&D and non-R&D employees.

Line 115 –Company undertaking R&D on behalf of a subsidiary or for its own R&D activities

Indicate whether the company is applying for the tax incentive for R&D to be undertaken on behalf of related companies or for its own R&D activities.

Lines 116 to 118 –Details of related company/companies

Provide the name(s), tax reference number(s) and type of relationship of the related company or companies to the applying company. For line 118, a drop-down menu is provided on the application form.

Lines 119 to 122 – Source of funds for R&D activities

Provide full details (tax reference number, relationship and percentage) of the company funding the R&D activities. For line 121, a drop-down menu is provided on the application form.

Part 2: Summary of R&D to be undertaken

Line 201 – Name of project, programme or technological area

Use the name that your business uses internally to refer to this project.

Line 202– Field of science

Select the field of science that best describes the primary field that the project is attempting to advance. While a project may include activities in several fields, the R&D tax incentive form requires you to identify one field of science that relates to the overall objective of the project.

(See the drop-down menu on the application form.)

Line 203 – Expected start date

Enter the date on which the project will start.

Line 204–Expected completion date

Enter the date on which the project is expected to be completed.

Line 205 – Physical address

Provide the physical address where the R&D activities will be undertaken.

Line 206–Expenditure amount planned for the R&D project, programme or technological area

State the amount of investment that is allocated to the R&D project.

Line 207 – Subsidiary (ies) or related company or companies undertaking R&D

Provide details of the subsidiary or related company (ies) that will be undertaking the R&D project, programme or technological area mentioned in line 201.

Line 208 – R&D projects to be performed on behalf of another company

- (a) Indicate if any of the projects listed in line 201 will be performed on behalf of another company on a contract basis. Provide the project name as indicated in line 201; the name of the company on whose behalf the project will be conducted; and its tax reference number.
- (b) Indicate if the company mentioned in Line 101 or Line 207 has authority to determine or alter the methodology of the research. If NO, is selected provide full details of the company that determines or alters the methodology of the research.

Part 3 – Project, Programme, Technology area-specific information

Line 301–Which technological and/or scientific advancements is the R&D intended to achieve?

Indicate specific scientific or technological advancements that the company aims to achieve, i.e. what is to be achieved that will add to the technology that is currently available? Check all boxes that apply.

An advance in science or technology means an advance in **overall knowledge or capability** in a field of **science** or **technology**. This includes the adaptation of knowledge or capability from another field of science or technology in order to make an advance where this adaptation was not readily foreseeable.

Line 302 - Indirectly related activities

(a) Does the activity in Line 301 involve the development of software?

If the activity involves the development of software, select YES on the application form. Otherwise select NO.

(b) Is the software being developed for the dominant purpose of use by the developer for internal administration?

If you select YES, this activity will not be eligible as a directly related R&D activity, but may be eligible as an indirectly related R&D activity.

(c) Describe all the purposes for developing the software and explain how the activity to be conducted is for the dominant purpose of supporting the directly related R&D activities in the project.

This description will assist in the assessment of the eligibility of the activity as an indirectly related R&D activity.

Lines 303 to 305 – Outsourcing R&D activities

Indicate if the company intends to outsource part or all of the work to a university, a public science council, another related company or another unrelated company. Also, indicate in line 305 whether the R&D to be outsourced will be contracted to a local (within South Africa's borders) or a foreign entity.

Lines 306 to 308 – R&D personnel anticipated to be directly involved in the project, programme or technological area

Provide the total number of R&D personnel per category of line 306, and the main areas of specialisation.

Drop-down boxes for line 306 and line 308 are provided on the application form.

Part 4: Declaration and authorisation

DECLARATION BY AUTHORISED SIGNING OFFICIAL OF THE COMPANY

The declaration must be made by a person authorised by the company. This person may be an officer of the company with the authority to complete the R&D tax incentive application form.

AUTHORISATION OF CONSULTANT ACTING ON BEHALF OF APPLICANT

The authorised consultant acting on behalf of the company is the person authorised to complete the R&D tax incentive application form, provide any further information and receive correspondence in relation to this application on behalf of the company.

DECLARATION BY CONSULTANT ACTING ON BEHALF OF THE APPLICANT

The declaration must be made by a consultant who has written authorisation to act on behalf of the company.

Part 5: How did you find out about the R&D tax incentive?

Indicate how the company found out about the R&D tax incentive programme. Check all the boxes that apply.

Annexure 1- Standard Industrial Classification codes

SIC code	Description
10000	Agriculture, hunting, forestry and fishing
20000	Mining and quarrying
30000	Manufacturing
30000	Manufacturing of food products, beverages and tobacco products
31000	Manufacturing of textiles, clothing and leather goods
32000	Manufacturing of wood and products of wood and cork, except furniture
	Manufacturing of articles of straw and plaiting materials
	Manufacturing of paper and paper products
	Manufacturing of publishing, printing and reproduction of recorded material
33000	Manufacturing of refined petroleum, Coke and nuclear fuel
	Manufacturing of chemical and chemical products (including pharmaceuticals)
	Manufacturing of rubber and plastic products
34000	Manufacturing of non-metallic mineral products
35000	Manufacturing of basic metals, fabricated metal products, machinery and Equipment.
	Manufacturing of office, accounting and computing machinery
36000	Manufacturing of electric machinery and apparatus (n.e.c*)
37000	Manufacturing of radio, television and communication equipment and apparatus
	Manufacturing of medical, precision and optical instruments, watches and clocks
38000	Manufacturing of transport equipment
39000	Manufacturing of furniture
	Recycling
	Manufacturing n.e.c.*
40000	Electricity, gas and water supply
50000	Construction
60000	Wholesale and retail trade
70000	Transport, storage and communication
80000	Financial intermediation, real estate and business services
90000	Community, social and personal services

“n.e.c” denotes “not elsewhere specified”

Annexure 2 - List of scientific fields of practice from the SACNASP Act 16 of 2004

Agricultural science
Animal science
Biological science
Botanical science
Chemical science
Earth science
Ecological science
Environmental science
Food science
Forensic science
Forestry science
Geographical information system science
Geographical science
Geological science
Hydrological science
Industrial science
Marine science
Materials science
Mathematical science
Mathematics education science
Metallurgical science
Microbiological science
Natural Science Education Centre
Physical science
Radiation science
Soil science
Water care science
Zoological science