

# RESEARCH & DEVELOPMENT TAX INCENTIVES



Covid-19 will have devastating economic consequences for many South African companies. Fortunately there are several government programmes available to support enterprises who will be investing in scientific or technological Research and Development (“R&D”). **One such scheme is the Section 11D Tax Allowance Incentive (“S11D”).** Having dealt with government programmes for many years the team at Cova Advisory is well placed to assist your business to access this lucrative incentive.



**R&D**

## SECTION 11D RESEARCH AND DEVELOPMENT TAX INCENTIVE

### BENEFIT:

A deduction equal to 150% of expenditure incurred directly on R&D resulting in a 14% net cash benefit; plus an accelerated depreciation deduction (that is, 50:30:20) for capital expenditure incurred on machinery or plant used for R&D.

### QUALIFYING CRITERIA:

- The R&D should be pre-approved by the government’s R&D Adjudication Committee. In other words, only those costs incurred after the S11D application has been submitted will qualify for the incentive.
- The R&D must be conducted within South Africa.
- Systematic, investigative or experimental activities of which the result is uncertain for the purpose of:
  - Discovering non-obvious scientific or technological knowledge;
  - Creating or developing (something new) – and meeting the criteria of the Design, Patent or Copyright Act; or
  - Making a significant and innovative improvement (i.e. improving current technology).
- Qualifying activities include patentable technology, registerable designs, computer programs, knowledge essential to the above, significant improvements, and prototype or pilot plant created solely for the purpose of R&D.

## COVA'S SERVICES:

- Training of clients on the S11D R&D tax incentive programme.
- High-level advisory on the Section 11D R&D tax incentive programme to address queries related to R&D projects.
- Conduct feasibility assessments at a project level to determine the R&D project's eligibility for the incentive and the potential S11D benefits.
- Assistance with the S11D incentive application process, ranging from an advisory role to full outsourcing.
- Preparing and reviewing S11D incentive claims and progress reports to ensure full benefits are received.
- Advising clients on the latest developments with regards to other R&D grants and incentives offered by government.

## WHY COVA?

Cova Advisory is a 51% black-owned professional advisory firm with a specific focus on all available government programmes. Cova specialises in advising clients on the full range of R&D grants and incentive programmes available in South Africa. Cova has an experienced team, with an in-depth technical knowledge of the various R&D grants and incentive programmes, including their rules and the relevant tax legislation and regulations. Cova has an excellent track record in both the public and private sectors and has positioned itself as a trusted advisor.

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