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**GOVERNMENT NOTICE**

**Science and Technology, Department of**

*Government Notice*

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## GOVERNMENT NOTICE

### DEPARTMENT OF SCIENCE AND TECHNOLOGY

No. 912

1 October 2007

#### INCOME TAX ACT, 1962 (ACT NO. 58 OF 1962)

In terms of section 11D of the Income Tax Act, 1962 (Act No. 58 of 1962), every taxpayer eligible for a deduction as contemplated in section 11D must submit to the Minister of Science and Technology such information as the Minister may require, in such form and manner and at such place as the Minister may from time to time prescribe.

To this end, the draft Scientific and Technological Research and Development Tax Incentive Form in the Schedule is published for comment.

Interested parties are invited to submit comments to the Director-General: Department of Science and Technology (for attention: Dr Owen Njamela), Private Bag X894, Pretoria, 0001, within 30 days of the date of publication of this notice.

#### SCHEDULE

#### SCIENTIFIC AND TECHNOLOGICAL RESEARCH AND DEVELOPMENT TAX INCENTIVE FORM

*Please consult the Research and Development Tax Incentive Guide, available on the Department's website, for assistance in completing this form.*

A separate form must be completed and submitted to the Minister of Science and Technology in respect of each claim lodged against the South African Revenue Service for a tax deduction for expenditure on scientific or technological research and development (R&D) activities undertaken in the Republic of South Africa in terms of section 11D of the Income Tax Act, 1962, (Act No. 58 of 1962).

The form must be completed in full. A clear reply must be given to each question. If a question is not applicable this must be indicated by "n/a". Deletions and alterations must be signed.

This form may be submitted -:

- by hand: Building 53, Scientia Campus, Meiring Naudé Drive, Brummeria;
- by registered post: The Minister of Science and Technology, Private Bag X894, Pretoria, 0001;
- on the website: <http://www.dst.gov.za/r-d>

Email submissions are not allowed.

#### PART 1: PARTICULARS OF APPLICANT

Name of applicant: .....

Tax reference number: .....  
 Address: .....  
 Principal industrial activity: .....  
 Tax year: .....

**PART 2: SUMMARY OF R&D ACTIVITIES**

**(a) Classification of R&D**

Classify your R&D activities according to Appendix A of the Standard Industrial Classification (SIC) Manual, and indicate the operational R&D expenditure percentage for each code, including outsourced R&D.

SIC code	Economic group – description	Sales/Revenue	% of total R&D expenditure
<b>Total</b>			<b>100%</b>

**(b) Fields of science and technology to which your R&D activities contribute**

Indicate to which fields of science or technology your R&D activities contribute, giving the percentage expenditure for each.

SIC code	Field/area	Description	% of total R&D expenditure
<b>Total</b>			<b>100%</b>

**(c) Contract R&D activities**

Indicate the percentage of the allowable operating expenditure given in Part 3(e) used for R&D activities performed by contractors.

SIC code	Type of research entity			
	Private	University	Science councils	Other

**(d) Supporting information**

(i) Indicate with an X in the appropriate block the technical records or documents generated over the course of the work (test results, progress and final reports, minutes of meetings, employee activity records, prototypes, and/or new products) available to support your claim.

SIC code	Laboratory notebooks	Progress reports	Minutes of meetings	Employee activity reports	Prototypes or pilot run results	New products

(ii) Indicate with in the appropriate block records of publications, patents or similar modes of protection of intellectual property.

Publications			
SIC code	Date	Journal	Title of publication
Total number of publications			
Patents			
SIC code	Date	Document title and patent (application) number	
Total number of patents			
Presentations			
SIC code	Date	Title/subject of conference	Conference venue
Total number of publications			
Other modes of protection of intellectual property			
SIC code	Date	Type of protection of IP or know-how	Document title

### PART 3: SUMMARY OF R&D EXPENDITURE

#### (a) Allowable operating expenditure

Expenditure item	Amount (R)
(i) Salaries of employees directly engaged in R&D	
(ii) Cost of materials consumed in the execution of R&D activities	
(iii) Contracts for R&D performed on your behalf – relates to Part 2(c)	
(iv) Overhead or other expenditures	
Total	

#### (b) Allowable capital expenditure

Description	% of time used	Capitalisation date	Capitalisation amount (R)	Depreciation (R)
(i) Building				
(ii) Machinery	100			
(iii) Plant	100			
(iv) Equipment	100			
(v) Implement	100			
(vi) Utensil	100			
Total				

#### (c) Government grant

SIC code	Project	Government fund/programme	Amount (R)

#### (d) Recovered expenditure

Year in which deduction for asset was claimed	Amount of deduction received	Amount of R&D expenditure recovered


**(e) Allowable claim**

	Amount (R)
(i) Allowable operating expenditure as per Part 3(a)	
Less twice the government grant as per Part 3(c)	
Equals total eligible operating expenditure	
(ii) Total eligible capital expenditure as per Part 3(b)	
<b>Total eligible expenditure (operating and capital)</b>	

**PART 4: BACKGROUND INFORMATION**

**(a) Sources of funds for R&D activities**

Funding source	Amount (R)
(i) Internal funding	
(ii) Parent companies, subsidiaries, and affiliated companies	
(iii) Government grants/funds (do not include funds or tax credits from science and technology R&D tax incentives)	
-National government	
-Provincial government	
-Local government	
(iv) Other funding (e.g. from foreign governments, donor agencies)	
<b>Total</b>	

**(b) R&D personnel**

	Number of full-time personnel
(i) Scientists	
(ii) Engineers	
(iii) Technologists	
(iv) Technicians	
(v) Managers	
(vi) Other technical staff	
<b>Total number of employees engaged in R&amp;D activities</b>	

**(c) Nature of R&D work**

Estimate the approximate distribution of your total R&D effort [Part 3(a)] across the following categories:

R&D category	Percentage
(i) Basic research (no specific application in view)	
(ii) Applied research (specific practical application in view)	
(iii) Development of new product, process and/or technical services	
(iv) Improvement to existing product, process and/or technical services	
<b>Total</b>	

**PART 5: POLICY EVALUATION/BEHAVIOURAL ADDITIONALITY**

Note: Any reference to a company includes any taxpayer claiming for R&D.

(a) Would your company have undertaken the R&D activities if the R&D tax allowance had not been introduced? 

Yes	No
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(b) If yes, how much would you say is the additional amount your company invested in R&D as a result of the R&D tax allowance? 

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(c) Please read each of the following statements carefully and mark the box that best reflects your opinion with an X.

1 = Strongly disagree    2 = Disagree    3 = Neutral    4 = Agree    5 = Strongly agree

	1	2	3	4	5
In my company, R&D activities are centralised in a division					
Without the R&D tax allowance, our R&D activities would have proceeded with a smaller budget					
Without the R&D tax incentives, our R&D activities would have proceeded at a slower rate					
The R&D tax allowance has induced my company to enter into collaboration with other companies					
The R&D tax allowance has induced my company to enter into collaboration with universities/science councils					
R&D activities in my company are planned in an organisational R&D strategy					
The R&D tax allowance led to employment of additional R&D personnel					
The R&D tax allowance led to investment in new R&D equipment					
Our R&D activities have improved the market position of my company in the past year					
Our R&D activities have led to the introduction of a new product in the past year					
Our R&D activities have led to an improved manufacturing process in the past year					
Without the R&D tax allowance, our R&D activities would have proceeded with an intended smaller range of potential applications					
My company has entered into new business partnerships as a result of the R&D tax allowance					
My company is conscious of environmental sustainability					