

OUR INCENTIVES: MAKING A DIFFERENCE

OVERVIEW OF INCENTIVES OFFERED
TO SOUTH AFRICA'S BUSINESS
PROCESS OFFSHORING INDUSTRY



We speak your language

Strong government support for the **offshore BPO industry**

“The Government is deeply committed to the BPO sector and has put in place attractive incentives through its Government Assistance and Support Programme (GAS). It has also supported various talent development initiatives to support the growth of the industry.”

*Dr Rob Davies, MP
Minister of Trade and Industry*

In 2007, the Government Assistance and Support (GAS) programme was launched to support the BPO sector. During the period July 2007 to March 2010, incentives totalling R 688 million were approved, which will support 25,000 jobs and attract R 1.7 billion in investments.

Responding to investor needs, the government has revised the system of incentives to reduce the cost of operations, while easing administration. The revised incentives will be paid for a period of three years for every new offshore job created and maintained.

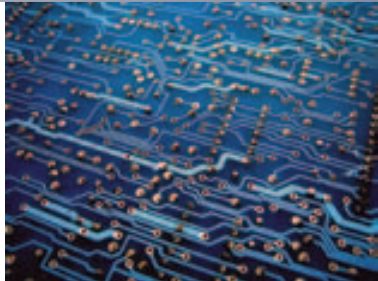
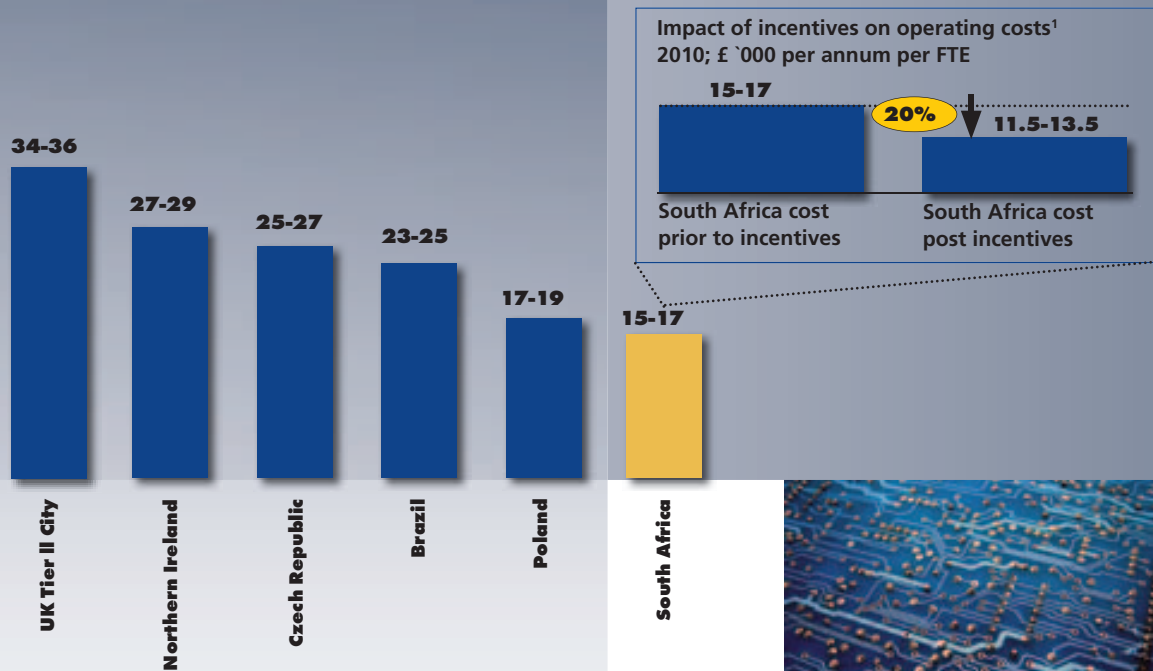
Incentives reduce the cost of operations by 20%, further strengthening South Africa’s cost competitiveness.

“The incentives make South Africa very attractive. The lower effective cost coupled with good infrastructure and First World quality of life have made its overall BPO value proposition quite compelling for investors.”

Global contact centre player

Operating cost per FTE

2010; £ '000 per annum per FTE



¹Exchange rate used 1 GBP = 11.5 ZAR

Salient features of the incentive structure

What is offered?

- A base incentive as a tax exempt grant paid over three years for each offshore job created and maintained (e.g. the total incentive paid for a job created in the financial year beginning April 2011 will be R112,000 as shown in the graphic below)
- A graduated bonus incentive paid as follows:
 - 20% bonus for more than 400 but less than 800 offshore jobs paid once off in the year in which the bonus level is reached
 - 30% bonus for more than 800 offshore jobs paid once off in the year in which the bonus level is reached

Incentive scheme		2011/12	2012/13	2013/14	2014/15	2015/16
Jobs created and sustained each year	Incentive					
Up to 400	Base incentive*	R40,000	R40,000	R32,000	R32,000	R24,000
401 – 800	20% once-off bonus	Bonus calculated for each job between 401 and 800**				
801+	30% once-off bonus	Bonus calculated for each job in excess of 800**				

* Base incentive paid for 3 years on actual jobs created and sustained
 ** Bonus incentive paid once in the year in which the bonus level is first achieved

Who is eligible?

- Local and foreign investors registered as legal entities in South Africa that create at least 50 offshore jobs over three years. Offshore BPO refers to services delivered from South Africa to clients located outside of South Africa
- The types of business processes that can benefit from the incentives include Back Office Processes, Contact Centres, Finance and Accounting Services, Human Resource Functions, IT and Technical Services and other Specialist Services

What will the incentives fund?

- The incentives may be offset against all types of expenditure at the discretion of the investor

How will the incentives be disbursed?

- The incentives will be disbursed twice a year for three years for each offshore job created and maintained

Download the incentive guidelines at
www.thedti.gov.za

For more information, please visit
www.offshoringsouthafrica.com