



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

## PROGRAMME GUIDELINES

---

---

# Foreign Film and Television Production and Post-Production Incentive

---

---

**Issued: July 2018**

*Film and Television Production Incentives*

*Programme Manager*

*Incentive Development and Administration Division*

*Department of Trade and Industry*

*Private Bag X84; Pretoria, 0001*

*Website: [www.thedti.gov.za](http://www.thedti.gov.za)*

*Call Centre: 086 184 3384*

***the dti** Campus; 77 Meintjies street,*

*Sunnyside; Pretoria, 0002*

*South Africa*

## Contents

Section	Page
1. Preamble	2
2. Services Delivered by <b>the dti</b>	2
3. Programme Description	3
4. Mandatory Conditions	4
5. Eligibility Criteria	6
6. Non-Eligibility Criteria	8
7. General Conditions	8
8. Qualifying and Non-Qualifying Costs	9
9. Incentive Calculations	10
10. Incentive Disbursements	11
11. Monitoring and Evaluation	11
12. Application and Claim Process	11
13. Legal Conditions	12
14. Decision Review Process	14
Appendix A: Glossary of terms and definitions	15

## 1. Preamble

- 1.1 The purpose of this document is to detail the guidelines for the Department of Trade and Industry's (**the dti**'s) Foreign Film and Television Production and Post-Production Incentive Programme.
- 1.2 The guidelines set out in this document are intended to enable enterprises to present their applications to **the dti** and provide a framework for **the dti** to evaluate such applications.
- 1.3 The granting of the incentive or approval of the application will only be for entities that meet the objectives of the incentive programme as set out by these guidelines. To qualify for the incentive, applicants have to receive approval from **the dti**.
- 1.4 The guidelines may be amended from time to time, as deemed necessary by **the dti**. These amendments will be published on **the dti** website, and will be of immediate effect upon publication thereof.
- 1.5 Where the guidelines lend themselves to varying interpretations or do not deal with a specific subject matter, the interpretation of **the dti** must be requested and such interpretation will be decisive and final; and may be published on **the dti**'s website.
- 1.6 The approval of applications will be subject to the availability of funds, compliance with the incentive guidelines and relevant provisions of the Public Finance Management Act.

## 2. Services Delivered by the dti

- 2.1 No fees or charges are levied for the processing or evaluation of any Foreign Film and Television Production and Post-Production Incentive Programmes applications or claims.
- 2.2 Applicants are welcome to contact **the dti** directly and the relevant officials will provide guidance on how to complete application or claim forms.
- 2.3 It is the responsibility of the applicant to ensure that the application submitted to **the dti** is accurate and complete.

### 3. Programme Description

- 3.1 The South African Film and Television Production Incentive Programme is aimed at strengthening and promoting the country's film and television industry as well as contributing towards the creation of employment opportunities in South Africa.
- 3.2 The objectives of the Foreign Film and Television Production and Post-Production Incentive, a sub-programme of the South African Film and Television Production Incentive Programme, is to attract large-budget foreign-based films and television productions and post-productions that will contribute towards employment creation, and enhance the international profile of the South African film and television industry while increasing the country's creative and technical skills base.
- 3.3 The Foreign Film and Television Production and Post-Production Incentive is available to foreign-owned qualifying productions and post-productions as follows:
- 3.3.1 The Qualifying South African Production Expenditure (QSAPE) should be at least R15 million<sup>1</sup> for shooting on location in South Africa,
- 3.3.2 The Qualifying South African Production Expenditure (QSAPE) should be at least R12 million for level one (1) Broad Based Black Economic Empowerment (B-BBEE) contributor status service companies for shooting on location in South Africa;
- 3.3.3 The Qualifying South African Post-Production Expenditure (QSAPPE) should be at least R1.5 million for conducting post-production activities in South Africa.
- 3.4 The Foreign Film and Television Production and Post-Production Incentive provides an incentive of twenty-five percent (25%) of the Qualifying South African Production Expenditure (QSAPE).
- 3.4.1 An additional incentive of five percent (5%) of QSAPE is provided for productions conducting post-production in South Africa and utilising the services of a Black owned service company.

#### POST-PRODUCTION

- 3.5 The Foreign Film and Television Production and Post-Production Incentive provides an incentive of twenty percent (20%) of the Qualifying South African Post-Production Expenditure (QSAPPE) of at least R1.5 million.

---

<sup>1</sup> There are separate programme guidelines for the film and television production incentive targeted at promoting locally owned productions and co-productions

- 3.5.1 An additional incentive of two-point-five percent (2.5%) of QSAPPE is provided for spending at least R10 million of the post-production budget in South Africa; or
- 3.5.2 An additional incentive of five percent (5%) of QSAPPE is provided for spending at least R15 million of the post-production budget in South Africa.
- 3.6 The incentive programme offers a reimbursable grant to the maximum of R50 million per qualifying project.
- 3.7 The Foreign Film and Television Production and Post-Production Incentive is effective from 1 September 2018.

#### 4. Mandatory Conditions

- 4.1 The international studio or holding company must utilise the services of a South African service company.
  - 4.1.1 The applicant must complete and submit an application not earlier than forty-five (45) calendar days prior to the commencement of principal photography;
  - 4.1.2 The applicant must have secured at least eighty percent (80%) of the total production budget at application stage;
  - 4.1.3 The applicant must demonstrate in the financial plan how the full financial closure will be reached for the qualifying project within three (3) months following the grant awarding decision by **the dti**.
- 4.2 The applicant must register a Special Purpose Corporate Vehicle (SPCV) incorporated in the Republic of South Africa solely dedicated for the production and/or post-production activities of the film and television project to participate in this incentive programme.
  - 4.2.1 The registered SPCV must be a legal entity in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended);
  - 4.2.2 The established SPCV must be responsible for all production and/or post-production activities in South Africa and in this regard must have full access to the financial information for the whole production and/or post-production;
  - 4.2.3 The registered SPCV must be utilized for one (1) production and/or post-production for either film, television drama, documentary series, digital content or animation;

- 4.2.4 The qualifying expenditure and payments made to the third party companies must be settled directly from the primary bank account of the established special purpose corporate vehicle.
- 4.3 The principal photography must not commence until an approval letter has been received from **the dti**.
  - 4.3.1 The application for post-production must be received before the commencement of the online post-production;
  - 4.3.2 The applicant is provided with an additional three (3) months to commence with principal photography from the confirmed commencement date as per application;
  - 4.3.3 The applicant must complete and submit the Confirmation of Principal Photography Form within three (3) working days after the first day of principal photography;
  - 4.3.4 The applicant's failure to adhere to these stipulated timeframes will automatically terminate the approval.
- 4.4 The distribution agreement signed by the distributor must be submitted to **the dti** at the time of submitting the claim(s).
  - 4.4.1 The applicant must submit either the confirmation letter for distribution or letter of intent to distribute at application stage;
  - 4.4.2 The approved applicant must submit the confirmation letter for distribution or signed distribution agreement at claim stage.
- 4.5 The final claim with audited financial statements must be submitted to **the dti** within twenty-four (24) months from receiving an approval decision from **the dti**.
- 4.6 **the dti** must be credited for its contribution to the production.
  - 4.6.1 The approved applicant should provide written confirmation that **the dti** will be credited for its contribution to the production at application stage;
  - 4.6.2 **the dti** reserves the right to be supplied with a DVD or similar media of the entire production for verification.
- 4.7 The applicant must comply with municipal by-laws regulating the affairs and the services the municipality provides in its area of jurisdiction; and other statutory regulations, where applicable.

- 4.7.1 The applicant must adhere to the minimum wage and legislative requirements governing the sector.
- 4.7.2 The production must not fall within schedules 6, 7 or 10 of the South African Films and Publications Act No 65 of 1996 (as amended),
- 4.7.3 The applicant must comply fully with its obligations in terms of The Legal Deposit Act, 1997 (Act No. 54 of 1997), where applicable;
- 4.7.4 Failure from an applicant to meet these statutory regulations will deem the production not eligible to receive support from this incentive and as such approvals may be cancelled.
  
- 4.8 The applicant must procure with regards to the QSAPE a minimum of twenty percent (20%) of qualifying goods and services from entities which are fifty-one percent (51%) black-owned by South African citizens and have been operating for at least one (1) year.
  
- 4.9 The service company including its holding company, subsidiaries, associates or connected parties can service no more than three (3) active projects before applying for an additional project unless they meet requirement 4.9.1.
- 4.9.1 The service company will be allowed to apply for additional projects during the financial year provided that it procures with regards to QSAPE at least thirty percent (30%) of goods and services from entities which are fifty-one percent (51%) black-owned by South African citizens and have been operating for at least one (1) year.

## **5. Eligibility Criteria**

### **5.1 APPLICANT ELIGIBILITY REQUIREMENTS**

- 5.1.1 Compliance with Broad Based Black Economic Empowerment (B-BBEE)
  - 5.1.1.1 The SPCV and holding company must be in compliance with the requirements for Broad Based Black Economic Empowerment (B-BBEE) in terms of the B-BBEE Codes of Good Practice (refer to <http://bee.thedti.gov.za>);
  - 5.1.1.2 The holding company must achieve at least a level three (3) B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice;
  - 5.1.1.3 The SPCV must achieve at least a level four (4) B-BBEE contributor status in terms of the B-BBEE Codes of Good Practice;

- 5.1.1.4 The SPCV and holding company must submit a valid B-BBEE certificate of compliance issued by an accredited verification agency or an affidavit at application stage.
- 5.1.2 The applicant must demonstrate that they adhere to an industry specific Code of Professional Standards that includes sexual harassment and health and safety protocols.

**5.2 PROJECT ELIGIBILITY REQUIREMENTS**

- 5.2.1 The Qualifying South African Production Expenditure (QSAPE) must be
  - 5.2.1.1 A minimum of R15 million for all qualifying production formats;
  - 5.2.1.2 A minimum of R12 million for level one (1) B-BBEE contributor status service companies;
  - 5.2.1.3 At least fifty percent (50%) of the principal photography must be filmed in South Africa;
  - 5.2.1.4 At least twenty-one (21) calendar days of the principal photography must be filmed in South Africa.
  - 5.2.1.5 For productions with a minimum QSAPE of R100 million, the fifty percent (50%) and twenty-one (21) calendar days requirements may be waived and such discretion will take into account the budgetary implications of the decision made.
- 5.3 The Qualifying South African Post-Production Expenditure (QSAPPE) must be at least R1.5 million for all qualifying post-production activities:
  - 5.3.1 The post-production activities must be carried out in South Africa for at least fourteen (14) calendar days;
  - 5.3.2 The post-production minimum days' requirement is waived provided that a hundred percent (100%) of the post-production is conducted in South Africa.

**5.4 FORMAT ELIGIBILITY REQUIREMENTS**

5.4.1 The following below-mentioned production formats are eligible for support:

Feature film	Animation
Tele-movies	Television drama series and mini-series
Documentary, documentary series and documentary feature	Digital content

5.4.2 For further information on the description and requirements for each of the above-mentioned qualifying formats, kindly visit the department's website on [www.thedti.gov.za](http://www.thedti.gov.za), Financial



Assistance, Film and Television Production Incentives, Annexure F under Applications Forms and Guidelines.

## 6. Non-Eligibility Criteria

6.1 The following projects and applicants are not eligible for support:

6.1.1 Speculative projects;

6.1.2 Commissioned projects owned by a broadcaster;

6.1.3 SPCV owned and/or controlled by South African broadcasters.

6.2 The following format are not eligible for support:

Reality television	News
Discussion programmes	Advertising programmes or commercials
Current affairs	Video gaming
Panel programmes	Variety programmes
Public and sport events	Training programmes
Soapies	Pilots
Other <sup>2</sup>	

## 7. General Conditions

7.1 The applicant must present in detail the total production and/or post-production expenditure with each application submitted.

7.2 The incentivised expenditure directly related to the production and/or post-production activities should be incurred in South African Rand.

7.2.1 The expenditure incurred in a foreign currency must be accounted in South Africa Rand using the budgeted exchange rate on the audited financial statements.

7.2.2 The applicant must discharge all production and post-production costs through the primary bank of the SPCV.

7.2.3 Failure in adhering to this requirement, will result in a deduction of expenditure item(s) from the value of QSAPE or QSAPPE for the purpose of calculating the rebate amount during the claim period.

---

<sup>2</sup> Refers to new and old non-eligible formats that are different in nature or distinct from the ones already mentioned in the list or known about by **the dti**.

- 7.3 The expenditure amounts provided by the applicant in applications must be net of Value Added Tax (VAT).
- 7.4 The expenditure amounts charged between the applicant company and any connected parties for the provision of goods or services should be commercially reasonable
  - 7.4.1 In instances where an applicant inflates costs, commercial rate will be counted for the purpose of calculating the incentive amount during the claim period.
- 7.5 The expenditure item must have actually been incurred on the making of the specific production and/or post-production for which the application is made.
  - 7.5.1 The applicant must have actually settled its liability at the time of claiming for the incentive.
- 7.6 The purchase of goods for use in a film production and sells or disposes of those goods on the completion of the production is permissible, however only the net cost of those items can be claimed as TPE or QSAPE.
  - 7.6.1 In instances where the applicant or an associated party retaining any goods purchased beyond the completion of the production, an independent valuation must be conducted and that valuation be deducted from the value of QSAPE for the purpose of calculating the incentive.
- 7.7 The applicant may receive any other South African incentive, training or internship funding specific to the supported project.
  - 7.7.1 The incentive funding amount must be deducted from the gross QSAPE/QSAPPE before the calculation of the incentive;
  - 7.7.2 The exception is applicable for SETA funding which may be received after the final application or payment of the incentive.

## 8. Qualifying and Non-Qualifying Costs

8.1 The following are qualifying post-production costs:

Licence fees (Dolby, Music)	Editing suites
Artist fees	Sound studios/mix
Editorial and sound post-production	Roto/VFX outsource work
Post-production facilities and personnel	Outsourced animation services
Grading	

8.2 The following are non-qualifying production and post-production costs:

Financing expenditure	Advances
General business overheads	Land and building
Other associated party fees	Costs of services embodied in goods
Deferments, profit participation, residuals	Depreciation
Executive producer	SPCV incorporation fees
Publicity and marketing costs (Including EPK)	Consultant fees
Purchase of production and software equipment	Entertainment costs
Withholding tax <sup>3</sup>	Other <sup>4</sup>

## 9. Incentive Calculations

9.1 The incentive is calculated at twenty-five percent (25%) of QSAPE for shooting on location in South Africa.

9.1.2 An additional incentive of five percent (5%) of QSAPE is provided for productions conducting post-production in South Africa and utilising the services of Black owned service company.

### POST-PRODUCTION

9.2 The incentive is calculated at twenty percent (20%) of QSAPPE for conducting post-production activities in South Africa.

9.2.1 An additional two-point-five percent (2.5%) of QSAPPE is provided for spending at least R10 million of post-production budget in South Africa;

<sup>3</sup> Withholding Tax on foreign entertainers, the fee paid to the foreign entertainer does not qualify as a "Qualifying South African production expenditure (QSAPE) and Qualifying South African Post-Production expenditure (QSAPPE)".

<sup>4</sup> Refers to non-qualifying production and post-production costs that are different in nature or distinct from the ones already mentioned in the list or known about by *the dti*.

9.2.2 An additional five percent (5%) is provided for spending at least R15 million of post-production budget in South Africa.

9.3 The incentive is capped at a maximum grant of R50 million per qualifying production and/or post production.

## 10. Incentive Disbursement

10.1 The incentive for production is disbursed on the completion of production and the receipt of the final DVD or similar media.

10.2 The incentive for post-production is disbursed on completion of post-production and submission of the final DVD or similar media.

10.3 **the dti** will verify the completeness of the claim/expenditure before payment is made.

## 11. Monitoring and Evaluation

11.1 All approved applicants will be monitored to assess how the incentive programme is contributing towards the strategic objectives and its intended outcomes.

11.2 Monitoring information required from applicants will form part of the claim forms. Upon receiving the claim forms, **the dti** may conduct site visits with all the approved applicants to verify the requested information.

11.3 In addition to the site visits at each claim stage, applicants may be required to comply with periodic performance monitoring visits and/or emailed questionnaires.

## 12. Application and Claim Process

### 12.1 Application for Approval: Form A

The following documents must be included in the application:

- Summary and detailed budget in South African Rand;
- Financial plan, including letters of intent from investors;

- Distribution agreement;
- Provisional shooting schedule;
- Certificate of incorporation of the SPCV;
- Appointment of directors of the SPCV;
- Shareholders Certificate;
- Written confirmation that **the dti** will be credited;
- Post-production schedule;
- Valid B-BBEE Certificate (level one to three) of holding company or affidavit; and
- Valid B-BBEE Certificate (level one to four) of SPCV or affidavit.

## 12.2 **Confirmation of commencement of principal photography: Form B**

The following documents must be included in the confirmation:

- Day one of principal photography call sheet;
- Day one of principal photography progress report;
- Current photography schedule; and
- Production schedule.

## 12.3 **Application for payment of the incentive: Form C**

The following documents must be included:

- Audited summary and detailed expenditure report;
- Auditor's statement and Factual Finding Report signed by the Auditor;
- Bank Statement(s) reflecting all expenditure of the approved SPCV;
- Complete general ledger in electronic format;
- Certificate of incorporation of the SPCV;
- Full final cast and crew list (soft copy in excel format);
- Distribution agreement;
- A DVD or similar media of the production to evidence its completion to a standard suitable for exhibition/theatrical release and verification of **the dti** credits;
- An original valid tax clearance certificate issued by SARS and a Pin for verification;

- Final shooting schedule;
- Valid B-BBEE certificate of compliance or affidavit (level one to three) for holding company;
- Valid B-BBEE certificate of compliance or affidavit (level one to four) for SPCV;
- Original credit order instruction form; and
- Original cancelled cheque.

### 13. Legal Conditions

- 13.1 Any attempt to circumvent or actual circumvention of these guidelines, which, at the sole discretion of **the dti**, may allow an applicant who would otherwise not have qualified to qualify for this incentive will lead to rejection of the application or claim.
- 13.2 **the dti** may, upon suspicion of any criminal, misleading, dishonest and/or irregular activities, suspend payments that may be due or become due to a claimant. Further, **the dti** shall not be liable for any damages or interest, pending the finalisation of any forensic investigations and any criminal proceedings emanating from such investigations.
- 13.3 The findings of a forensic investigation indicating any criminal, misleading, dishonest and/or irregular activities will be sufficient to allow **the dti** to cease all payments and reclaim any payments already made, with mora interest.
- 13.4 **the dti** subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act (PRECCA), No. 12 of 2004. Applicants are requested to contact **the dti** Fraud Hotline on 0800 701 701 should they wish to report any suspicious behaviour.
- 13.5 The responsibility rests on the applicant and any other person who may benefit from the incentive programme to disclose everything that may have an influence of the adjudication of the application and/or claim. Failure to do so will lead to the termination or cancellation or suspension of the application/claim.
- 13.6 **the dti** reserves the right to publish stories of successful candidates. The right to choose a successful candidate for publication will be at the sole discretion of **the dti** and by applying for the incentive programme, the applicant provides his/her consent to such publication.

13.7 **the dti** reserves the right to obtain independent quotations for any intervention proposed or claimed and to pay the lesser amount of the independent quote or the amount proposed or claimed. In this regard, **the dti** may, where a certain type of intervention occurs regularly, set benchmarks or maximum amounts for such interventions, to ensure the fair and equitable treatment of all applicants.

13.8 Any relaxation of minimum requirements, conditions or terms in these guidelines will be based on merit and at the sole discretion of **the dti**. In this regard, the decision of **the dti** will be final.

#### 14. Decision Review Process

14.1 Any dispute relating to a decision (including the rejection of an application, cancellation or reduction of a claim) taken by **the dti** is limited to one internal appeal per application lodged. Such an appeal must be submitted within 30 days of the letter of notification.

14.2 No appeals of any decision (application or claim related) will be entertained beyond the 30-day period from the issue date of the communication or letter.

## Appendix A: Glossary of terms and definitions

<b>Active project</b>	Refers to the turnaround time from an applicant receiving provisional approval from <b>the dti</b> up until the production reached picture lock
<b>Advances</b>	All payments made by way of an advance on a payment in respect of deferrals, profit participation or residuals are excluded from QSAPE unless they are non-recoverable.
<b>Attested declaration</b>	The information provided in an application must be certified in an attested declaration by an authorised person from the applicant company, normally a director of the applicant company or the chief executive officer.
<b>Audited expenditure statement</b>	All costs claimed as QSAPE must be presented in an audited expenditure statement. The audit must be prepared by a person who is: <ul style="list-style-type: none"> <li>o An auditor registered with SAICA or PAAB;</li> <li>o If the auditor has any connection to the applicant that connection should be declared;</li> <li>o <b>the dti</b> reserves the right to appoint any other registered auditor to perform further checks at <b>the dti</b>'s own expense;</li> <li>o The statement should be in the format provided in Annexure A;</li> <li>o The auditor's statement is provided at the applicant's expense, with the name of the auditor and auditor's company or firm, qualifications and contact details to be provided in the relevant section of the application form; and</li> <li>o Both the auditor and the applicant are to sign "the Declaration by the Auditor" form.</li> </ul>
<b>Black person(s)</b>	Black person(s) refers to Africans, Coloureds and Indians who are natural person(s) and: <ul style="list-style-type: none"> <li>o are citizens of the Republic of South Africa by birth or descent; or</li> <li>o are citizens of the Republic of South Africa by naturalisation before the commencement date of the Constitution of the Republic of South Africa Act of 1993; or</li> <li>o became citizens of the Republic of South Africa after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, had it not been for the Apartheid policy, would have qualified for naturalisation before then.</li> </ul> <p>the definition of "black people" now includes South African Chinese people as per the Pretoria High Court ruling on 18 June 2008.</p>
<b>Black service company</b>	Black service company refers to a South African legal registered entity that is owned and controlled by Black South African person(s) as defined by the Broad-Based Black Economic Empowerment (B-BBEE) Act, meeting the following conditions: <ul style="list-style-type: none"> <li>o high levels of Black ownership and management (greater than 50%);</li> <li>o dominant Black management control exercising control over the entity;</li> <li>o generate majority of its income through providing service to the film and television sector;</li> <li>o achieve at least Level two (2) B-BBEE contributor status in terms of the Codes of Good Practice October 2013 (as amended).</li> </ul>
<b>Completion date</b>	A film production is regarded as having been completed per the definition in section 24F of the Income Tax Act, 1962 (Act No. 58 of 1962) – in relation to a film, the date on which the cut master negative and conforming sound track of the film are married to an answer print or, where such film is not a cinematographic film, the date on which the film is completed to an equivalent production stage.



<b>Complete DVD or similar media including the dti credit</b>	<p>A complete DVD or similar media of the film production, together with a full final credit listing and proof of distribution or exhibition arrangements for the production must be included in the application to verify that the production is ready for distribution or exhibition to the general public.</p> <p><b>the dti</b> reserves the right to be supplied with a DVD of the entire film production or alternatively to be invited to a filming of the production in its entirety following the production's release. The final copy of the production will be kept only for the purposes of the application process.</p>
<b>Costs of services embodied in goods</b>	<p>If the costs of certain services are embodied in the cost of goods delivered to the applicant company and those services were predominantly (namely, greater than 50% of the cost) performed outside South Africa, then those services are not provided in South Africa for the purposes of determining QSAPE. This does not apply to imported goods, where the supplier has an established business with a history of supplying those particular goods, for example, Kodak stock.</p>
<b>Deferments, profit participation, residuals</b>	<p>QSAPE does not include expenditure that is dependent on the film production's commercial performance and its earnings, as expenditure directly linked to the production's commercial performance cannot be quantified until after the production has been exhibited. Therefore, expenditure items specifically excluded from QSAPE include:</p> <ul style="list-style-type: none"> <li>o Payments deferred until the film production provides financial returns through box office receipts, earnings or profits (for example, bonuses paid to directors);</li> <li>o Payments dependent on eventual profits made on the production; and</li> </ul> <p>Amounts payable in relation to the residual rights of cast members concerning the commercial exploitation of the production through future exhibition and distribution.</p>
<b>Financing expenditure</b>	<p>Includes returns payable on amounts invested in the film production and expenditure connected with raising and servicing finance for the production, such as executive producer fees and interest payments.</p>
<b>Further information as requested</b>	<p><b>the dti</b> reserves the right to require any further information deemed necessary to complete the rebate process. This information must be provided at the applicant's expense within 28 days of the dti's request, although the applicant may write to <b>the dti</b> requesting an extension of time.</p>
<b>General business overheads</b>	<p>General business overheads, are excluded from QSAPE to the extent that they exceed the lesser of:</p> <ul style="list-style-type: none"> <li>o 2% of the total of the company's TPE on the film production; or</li> </ul> <p>R200 000.</p>
<b>Land and buildings</b>	<p>Any acquisition of land or buildings or the erection of buildings of a substantial nature is excluded from QSAPE as this expenditure would not be considered reasonably attributable to the making of the film. Sets and props will not be classified as substantial in nature, however, any proceeds on the sale of sets and props or the deemed value of such, if retained by the applicant or related party after completion of the film, must be deducted from the value of QSAPE for the purpose of calculating the rebate.</p>
<b>Other connected party fees</b>	<p>The fees of any other connected parties that appear both above the line and below the line (that is, writer, director or cast and crew member and equipment etc inclusive of all their travel, accommodation and living expenses), as defined in the Income Tax Act, are excluded from QSAPE to the extent that they exceed the lesser of:</p> <ul style="list-style-type: none"> <li>o 10% of the total of the company's TPE on the film production; or</li> <li>o the maximum of R3 million in total.</li> </ul>

<b>Other connected party fees (Animation Only)</b>	The fees of any other connected parties that appear both above the line and below the line (that is, writer, director or cast and crew member and equipment etc inclusive of all their travel, accommodation and living expenses), as defined in the Income Tax Act, are excluded from QSAPE to the extent that they exceed the lesser of: <ul style="list-style-type: none"> <li>o 40% of the total of the company's TPE on the film production.</li> </ul>
<b>Other exclusions</b>	The following sundry items do not qualify as QSAPE: <ul style="list-style-type: none"> <li>o Errors and Omission Insurance, which protects the copyright holders from litigation once the film is exhibited; and</li> <li>o Any gifts, entertainment, publicity, marketing, wrap parties and gratuities.</li> </ul>
<b>Pick Up Shot</b>	A shot taken after principal photography has finished
<b>Pilots</b>	Pilots refers to <b>testing episodes</b> (can be a standalone) of a film or television production in the hope that it will get commissioned.  Once they have been produced, the pilots are presented to studio and network executives, and in some cases to test audiences.
<b>Post Production</b>	The editing stage of a production in which shots are joined together and the final touches are added to project, such as grading and sound correction.
<b>Pre-Production</b>	Is a process of preparation for actual physical production which begins after a qualified production has received a provisional letter of financial commitment. Customarily includes but is not limited to activities such as location scouting, hiring of key crew members, and establishment of a dedicated production office.
<b>Principal Photography</b>	The phase of production during which the production is actually shot, as distinguished from preproduction and post-production. Principal photography days refer to the number of days shot by the principal unit with the director and lead actors usually present.
<b>Producer</b>	Producer means any individual who receives an on-screen-producer credit including but not limited to any of the following titles: producer, co-producer, line producer, executive producer, co-executive producer, associate producer, supervising producer, post-producer, or visual effects producer.
<b>Production Budget</b>	Means the Budget used by the qualified SPCV and shall include ALL QSAPE above and below the lines including post-production, insurance and bond fees. Production Budget shall include wages, goods and services performed and incurred within South Africa. It does not include costs which are not directly associated with preproduction, production or postproduction of the project, such as distribution prints and advertising, marketing, film festival participation, financing or distribution costs such as theatre rentals and DVD manufacturing.
<b>Producer fees</b>	South African producer fees, limited to two working producers and inclusive of all their travel accommodation and living expenses, are excluded from QSAPE to the extent that they exceed the lesser of: <ul style="list-style-type: none"> <li>o 10% of the total of the company's TPE on the film production; or</li> <li>o R1 million in total.</li> </ul>
<b>Provisional Letter</b>	Provisional Letter is a document issued by the Department of Trade and Industry reserving an incentive amount to an applicant (SPCV) having a "qualified film (format)" based on an estimate of "Qualified South African Production Expenditure" or "Qualified South African Post-Production Expenditure"

<b>Qualifying South African Production Expenditure (QSAPE)</b>	Includes all expenditure attributed to production related goods and services delivered and provided in South Africa by a legal registered entity domiciled in South Africa.
<b>Speculative project</b>	Work done with no defined goal for broadcast or distribution and is not commissioned.
<b>Total Production Expenditure(TPE)</b>	Refers to the total expenditure incurred by the film or television production or reasonably attributable to the making of the film from pre-production to the point at which the first copy of the film is ready to be distributed, broadcast or exhibited to the general public as defined in the Income Tax Act.