



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

## PROGRAMME GUIDELINES

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# South African Film and Television Production Incentive

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Issued: July 2018

*Film and Television Production Incentives*

*Programme Manager*

*Incentive Development and Administration Division*

*Department of Trade and Industry*

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South Africa

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## 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**) South African Film and Television Production Incentive.
- 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 South African Film and Television Production Incentive 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 South African Film and Television Production Incentive, a sub-programme of the South African Film and Television Production Incentive Programme, is to support the local film and television industry as well as contribute towards employment opportunities in South Africa.
- 3.3 The South African Film and Television Production Incentive is available to qualifying South African productions as follows:
  - 3.3.1 The Qualifying South African Production Expenditure (QSAPE) should be at least R1.5 million<sup>1</sup>;
  - 3.3.2 For documentaries, the Qualifying South African Production Expenditure (QSAPE) should be at least R500 000.
- 3.4 The South African Film and Television Production Incentive provides an incentive of thirty-five percent (35%) of Qualifying South African Production Expenditure (QSAPE).
  - 3.4.1 An additional five percent (5%) of QSAPE is provided for productions hiring at least thirty percent (30%) of Black South African citizens as head of departments (HODs) and procuring at least thirty percent (30%) of the QSAPE from fifty-one percent (51%) South African black-owned entities which have been operating for at least a period of one (1) year;
- 3.5 The incentive programme offers a reimbursable grant to the maximum of R50 million per qualifying project.
- 3.6 The South African Film and Television Production Incentive is effective from 1 September 2018.

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<sup>1</sup> There is a separate guideline for the Foreign Film and Television Production and Post-Production Incentive targeted at attracting larger-budget international productions, South African Film and Television Co-production targeted at promoting official co-productions as well as the South African Emerging Black Filmmakers for productions with a total budget below R1.5 million

## 4. Mandatory Conditions

- 4.1 The applicant must be a South African production company.
  - 4.1.1 The holding company must have a majority of South African shareholders; of which at least one (1) must play an active role in the production and be credited in that role;
  - 4.1.2 The applicant must complete and submit an application not earlier than forty-five (45) calendar days prior to the commencement of principal photography;
  - 4.1.3 The applicant must have secured at least twenty-five percent (25%) of the total production budget which should be fully committed at application stage;
  - 4.1.4 The applicant must provide **the dti** with a financial plan and letter(s) of intent from financier(s);
  - 4.1.5 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 of the film or 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 SPCV must be responsible for all production activities in South Africa and in this regard must have full access to the financial information for the entire production;
  - 4.2.3 The SPCV must be utilized for one (1) production for either film, television drama, documentary series, digital content or animation;
  - 4.2.4 The qualifying expenditure and payments made to third party companies must be settled directly from the primary bank account of the established SPVC.
  
- 4.3 The principal photography must not commence until an approval letter has been received from **the dti**.
  - 4.3.1 The approved applicant is provided with an additional three (3) months to commence with principal photography from the confirmed commencement date as per application,
  - 4.3.2 The applicant must complete and submit the Confirmation of Principal Photography Form within three (3) working days after the first day of principal photography;

- 4.3.3 The applicant's failure to adhere to these stipulated timeframes will automatically terminate the approval.
- 4.4 The applicant must provide **the dti** with a distribution plan and evidence thereof a distribution agreement at the time of submitting 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 confirmation letter for distribution or signed distribution agreement at final claim stage.
- 4.5 The final claim with audited or independently reviewed 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 productions are encouraged to include **the dti** logo in the opening credits for the supported production;
- 4.6.2 The applicant should provide a written confirmation that **the dti** will be credited for its contribution to the production at application stage;
- 4.6.3 **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) and must submit the classification certificate with the final claim;
- 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 The production must be rated by the Film Publication Board before submitting the final claim to **the dti**;
- 4.7.5 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 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.

## **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(ies) 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 fall within the Grading System on the department's website on [www.thedti.gov.za](http://www.thedti.gov.za), Financial Assistance, under Film and Television Production Incentives.
- 5.1.3 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 a minimum of R1.5 million for all qualifying production formats and a minimum of R500 000 for documentaries:

- 5.2.1.1 At least sixty percent (60%) of the principal photography must be filmed in South Africa;
  - 5.2.1.2 At least fourteen (14) calendar days of the principal photography must be filmed in South Africa;
  - 5.2.1.3 For productions with a minimum QSAPE of R50 million, the sixty percent (60%) and fourteen (14) calendar days requirements may be waived and such discretion will take into account the budgetary implications of the decision made.
- 5.2.2 The Qualifying South African Productions must meet the following mandatory requirements:
- 5.2.2.1 The Qualifying South African Production Expenditure (QSAPE) must account at least seventy-five percent (75%) of the total production budget;
  - 5.2.2.2 The majority of intellectual property must be owned by South African citizen(s); the copyright must be registered with the Companies and Intellectual Property Commission (CIPC) and the certificate of registration must be provided at claim stage;
  - 5.2.2.3 The Director must be a South African citizen and be credited for this active role in the production;
  - 5.2.2.4 The top writer and producer credits must include South African citizens either exclusive or shared collaboration credits;
  - 5.2.2.5 The majority of the five (5) highest-paid performers must be South African citizens;
  - 5.2.2.6 The majority of heads of departments and key personnel must be South African citizens, with at least twenty percent (20%) of the Head of Departments (HODs) on core production functions being Black South African citizens.

### 5.3 FORMAT ELIGIBILITY REQUIREMENTS

5.3.1 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

5.3.2 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), Annexure F under Applications Forms and Guidelines.

## 6. Non-Eligibility Criteria

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

6.1.1 Speculative projects;

6.1.2 Bundling projects;

6.1.3 Commissioned projects owned by a broadcaster;

6.1.4 SPCV owned and controlled by South African and foreign broadcasters.

6.2 The following formats are not eligible for support:

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

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<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. Interaction of this Incentive with other sources of funding

- 7.1 Any other South African incentives, training or internship funding specific to this project may be claimed but must be deducted from the gross QSAPE before calculation of the incentive.
- 7.1.1 An exception is applicable for SETA funds, which may be received after the final application or payment of the rebate.
- 7.2 A project that receives funding from any national, provincial and local government and its agencies is eligible to apply for the rebate.
- 7.3 A project of private investors that is eligible for tax benefits under section 12 (o) of the Income Tax Act No 58 of 1962 is eligible to apply for the rebate.
- 7.4 Total funding contribution from state institutions (National, Provincial, Local government, and state-funded agencies) including **the dti**, may not exceed 80% of the budget of the project.
- 7.5 An applicant must supply information on the intended and actual source of funding.

## 8. General Conditions

- 8.1 The applicant must present in detail the total production expenditure (TPE) with each application submitted.
- 8.2 The expenditure directly related to the production should be incurred in South African Rand.
  - 8.2.1 The expenditure incurred in a foreign currency must be accounted in South Africa Rand using the budgeted exchange rate on the audited or independently reviewed financial statements.
  - 8.2.2 The applicant must discharge all production costs through the primary bank of the SPCV.
  - 8.2.3 Failure in adhering to this requirement, will result in a deduction of expenditure item(s) from the value of QSAPE for the purpose of calculating the incentive amount during the claim period.
- 8.3 The expenditure amounts provided by the applicant in applications must be net of Value Added Tax (VAT).

- 8.4 The expenditure amounts charged between the applicant company and any connected parties for the provision of goods or services should be commercially reasonable.
- 8.4.1 In instances where an applicant inflates costs, commercial rate will be counted for the purpose of calculating the incentive amount during the claim period.
- 8.5 The expenditure item must have actually been incurred on the making of the specific production for which the application is made.
- 8.5.1 The applicant must have actually discharged its liability at the time of claiming for the incentive.
- 8.6 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.
- 8.6.1 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.
- 8.7 The expenditure incurred by the applicant to take-over and completes the production from another company(ies) are excluded from the grant amount calculations.
- 8.7.1 The applicant must provide documentary evidence of this expenditure to verify before considered as qualifying production expenditure.
- 8.8 In instances, where an applicant charges a production services fee for producing a film for an overseas producer or studio, the fee must be commercially reasonable to be considered QSAPE provided it meets the criteria.
- 8.8.1 Where the production services fee is paid out from the incentive, it will not have been incurred before the completion of the production and will qualify as QSAPE.

## 9. Qualifying and Non-Qualifying Costs

9.1 The following are qualifying post-production costs:

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

9.2 The following are non-qualifying 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	Consultant fees
Purchase of production and software equipment	Entertainment costs
Government grant funding	Withholding Tax <sup>3</sup>
Other <sup>4</sup>	

## 10. Incentive Calculations

10.1 The incentive is calculated at thirty-five percent (35%) of the Qualifying South African Production Expenditure (QSAPE).

10.1.1 An additional five percent (5%) of QSAPE is calculated for productions hiring at least thirty percent (30%) of Black South African citizens as head of departments (HODs) and procuring at least thirty percent (30%) of the QSAPE from fifty-one percent (51%) South African black-owned entities which have been operating for at least a period of one (1) year.

10.2 The incentive is capped at a maximum grant of R50 million per qualifying project.

## 11. Incentive Disbursement

11.1 The incentive is disbursed either upon completion of production or in milestone payments.

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<sup>3</sup> Withholding Tax on a foreign entertainer- the fee paid to foreign entertainer does not qualify as a "qualified South African production expenditure (QSAPE)".

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

11.2 The applicant wishing to make use of the milestone payment method must acquire a completion bond. The following will apply:

- seventy percent (70%) of the cost of the completion bond will be subsidised for productions between R1.5 million and R6 million;
- fifty percent (50%) of the cost of the completion bond will be subsidised for productions between R6 million and R10 million;
- productions over R10 million are required by financiers to have a completion bond in place and therefore no additional subsidy will be granted.

The disbursement according to milestone payments will be implemented as follows:

<b>% Payment</b>	<b>Milestones</b>
20%	Start of principal photography
20%	Completion of principal photography
20%	Start of post-production
40%	Submission of final audit of the production expenditure

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

11.4 **the dti** will accept completion bonds issued from bonders listed on **the dti's** website.

## **12. Monitoring and Evaluation**

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

12.2 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.

12.3 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.

## 13. Application and Claim Process

### 13.1 Application for provisional 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;
- Letter indicating proof of 25% secured
- Distribution or licence agreement;
- Provisional shooting schedule;
- Co-Producers agreement (where applicable);
- Copyright Certificate of registration from CIPC
- Shareholders Certificates of members;
- Certificate of incorporation of the SPCV;
- Appointment of directors of the SPCV;
- Written confirmation that **the dti** will be credited in the front of the production;
- Valid B-BBEE Certificate (level one to four) of compliance or affidavit for the SPCV; and
- Valid B-BBEE Certificate (level one to three) of compliance or affidavit for the holding company.

### 13.2 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
- Post-production schedule.

### 13.3 Claim Form: Form C

The following documents must be included in the claim:

- Signed Claim Form by the applicant and the auditor;
- Audited summary and detailed expenditure report;
- Factual Finding Report signed by the Auditor and applicant;

- Bank Statement 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 or licence agreement;
- Final shooting schedule;
- Valid B-BBEE Certificate (level one to four) of compliance or affidavit for the SPCV;
- Valid B-BBEE Certificate (level one to three) of compliance or affidavit for the holding company;
- An original valid tax clearance certificate issued by SARS;
- Original credit order instruction form;
- Stamped Letter from the bank confirming account information;
- Classification Certificate from Film and Publication Board;
- Proof of South African citizenship status for individuals or contractors paid via an agency;
- Copy of Legal Agreement(s) verifying Chain of Title for the purchase of South African copyright claimed as QSAPE and
- 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.

## 14. Legal Conditions

- 14.1 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.
- 14.2 **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.

- 14.3 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.
- 14.4 **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.
- 14.5 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.
- 14.6 **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.
- 14.7 **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.
- 14.8 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.

## 15. Decision Review Process

- 15.1 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.
- 15.2 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>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>	<p>All costs claimed as QSAPE must be presented in an audited expenditure statement.</p> <p>The audit must be prepared by a person who is:</p> <ul style="list-style-type: none"><li>○ An auditor registered with SAICA or PAAB;</li><li>○ If the auditor has any connection to the applicant that connection should be declared;</li><li>○ <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>○ The statement should be in the format provided in Annexure A;</li><li>○ 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></ul> <p>Both the auditor and the applicant are to sign "the Declaration by the Auditor" form.</p>
<b>Black person(s)</b>	<p>Black person(s) refers to Africans, Coloureds and Indians who are natural person(s) and:</p> <ul style="list-style-type: none"><li>○ are citizens of the Republic of South Africa by birth or descent; or</li><li>○ 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>○ 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>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 including the dti credit</b>	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. <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.
<b>Costs of services embodied in goods</b>	If the cost 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.
<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>○ Payments deferred until the film production provides financial returns through box office receipts, earnings or profits (for example, bonuses paid to directors);</li> <li>○ Payments dependent on eventual profits made on the production; and</li> <li>○ Amounts payable in relation to the residual rights of cast members concerning the commercial exploitation of the production through future exhibition and distribution.</li> </ul>
<b>Financing expenditure</b>	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.
<b>Further information as requested</b>	<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 <b>the dti's</b> request, although the applicant may write to <b>the dti</b> requesting an extension of time.
<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>○ 2% of the total of the company's TPE on the film production; or R200 000.</li> </ul>
<b>Land and buildings</b>	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.
<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>○ 10% of the total of the company's TPE on the film production; or</li> <li>○ The maximum of R3 million in total.</li> </ul>
<b>Other connected party fees (Animation Only)</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>○ 40% of the total of the company's TPE on the film production.</li> </ul>
<b>Other exclusions</b>	<p>The following sundry items do not qualify as QSAPE:</p> <ul style="list-style-type: none"> <li>○ Errors and Omission Insurance, which protects the copyright holders from litigation once the film is exhibited; and</li> <li>○ Any gifts, entertainment, publicity, marketing, wrap parties and gratuities.</li> </ul>
<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>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>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.