



Tax & Legal - News Alert

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Important changes to R&D Progress Report Submission

The Department of Science and Innovation (**DSI**) has introduced a new online platform to facilitate the submission of section 11D Research and Development (**R&D**) tax incentive applications and annual progress reports.

Corporate taxpayers wishing to apply for the R&D incentive, as well as those who have ongoing R&D projects, are required to create a profile, using this link: www.dst.gov.za

Once the profile is created, the taxpayer is able to link an authorised representative to the company profile, view submission status in real time, receive reminders about due or outstanding progress reports and make changes to the uploaded information.

Listed below are the notable changes to the information required as part of the online progress report:

- 1 While much of the information required remains the same, the applicant must manually complete all fields – previously, progress reports and supporting documents (e.g. technical appendices) would be attached and submitted to the DSI via email.
- 2 One progress report must be submitted per approved R&D project. This means that qualifying costs and the details of R&D personnel must be reported on a “per project” basis instead of per taxpayer, as could be submitted previously.
- 3 The progress report contains several new fields, including:
 - The challenges and constraints that have negatively impacted the R&D project during the reporting period. The following options are listed:
 - High costs
 - Sourcing finance
 - Skills shortage
 - Market conditions
 - External knowledge factors
 - Material / equipment sourcing problems
 - Infrastructure constraints
 - Legislative / regulatory constraints
 - Other (description)

- The number of new products, production processes and software that have been commercialised during the reporting period, along with the dates when these were launched.
- Percentages of the company's total R&D spend that resulted in products, services, processes or platform technologies that are new. The taxpayer must indicate the percentages for each of the below categories:
 - Industry
 - South Africa
 - World

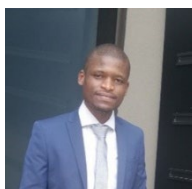
A welcome change is that, once a progress report is submitted online, an automated email is sent to the authorised representative, confirming receipt of the progress report by the DSI.

With the new online platform, the DSI aims to simplify and streamline the R&D application and reporting process, as well as reduce the administrative burden. It is also intended to improve the DSI's general response time as it pertains to new applications, as it provides a means to better track projects.

For additional information or assistance, please contact us.



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