Based on the **Oude Molen Precinct Prospectus**, the project **does not currently qualify** for the **Section 12I Tax Allowance Incentive** for industrial projects under South African tax law. Here's why:

❌ Why It Doesn't Qualify for Section 12I

1. Project Type

- The Oude Molen Precinct is a **mixed-use urban redevelopment** focused on:
  - Residential (including affordable housing).
  - Commercial (office, retail, education).
  - Cultural and heritage preservation.
- **Section 12I** is specifically targeted at **industrial projects**, particularly in **manufacturing**.

2. Qualifying Assets

- Section 12I requires investment in **new and unused manufacturing assets** (e.g., machinery, plant, industrial buildings).
- The Oude Molen project focuses on **urban regeneration**, not industrial production.

3. Excluded Sectors

- The project does not fall within the **manufacturing sector**, nor does it involve **greenfield or brownfield industrial expansion**.

✅ Alternative Incentives to Explore

While Section 12I may not apply, the project could potentially benefit from other incentives:

1. Urban Development Zone (UDZ) Tax Incentive

- Applicable to certain areas in Cape Town.
- Offers tax deductions for refurbishing or constructing buildings in designated urban zones.

2. Special Economic Zone (SEZ) Incentives

- If any part of the precinct falls within or near an SEZ, incentives may apply for qualifying commercial or industrial activities.

3. Green Economy & Sustainability Grants

- Funding for climate-resilient infrastructure, renewable energy, and green building practices.

4. Affordable Housing & Social Infrastructure Support

- Potential grants or tax relief through the Department of Human Settlements or National Treasury.

Businesses operating within **Special Economic Zones (SEZs)** in South Africa can access a range of **tax and policy incentives** designed to stimulate investment, job creation, and industrial growth. Here's a summary of the key incentives available:

🏭 SEZ Tax & Policy Incentives for Businesses

1. Reduced Corporate Income Tax

- **Rate:** 15% (instead of the standard 28%).
- **Eligibility:** Must be a qualifying company operating within an approved SEZ and derive at least 90% of its income from activities within the SEZ

2. Accelerated Building Allowance

- **Benefit:** 10% depreciation per year on new and unused buildings or improvements.
- **Purpose:** Encourages capital investment in infrastructure

3. Employment Tax Incentive (ETI)

- **Benefit:** Reduces the cost of hiring young or less experienced workers.
- **SEZ Advantage:** Age restrictions are relaxed for SEZ employers

4. VAT and Customs Relief (for Customs-Controlled Areas)

- **Benefits:**
    - VAT suspension on qualifying local supplies.
    - Import duty rebates and VAT exemptions on production-related imports.

        - Streamlined customs administration

5. One-Stop-Shop (OSS) Services

- **Support Includes:**
    - Fast-tracked permits and licenses.
    - Access to utilities and infrastructure.
    - Guidance on environmental compliance and financial assistance

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🧾 Eligibility Criteria for SEZ Incentives

To qualify, a company must:

- Be incorporated or effectively managed in South Africa.
- Operate from a fixed place of business within an approved SEZ.
- Derive at least 90% of its income from activities within the SEZ.
- Avoid excluded activities (e.g., alcohol, tobacco, arms, biofuels that impact food security)

📍 Relevant SEZs in the Western Cape

- **Atlantis SEZ**: Focused on **Greentech and renewable energy**.
- **Saldanha Bay SEZ**: Specialises in **oil, gas, and marine engineering**

Based on the content of the **Oude Molen Precinct Prospectus**, the project **does not currently qualify** for **Special Economic Zone (SEZ)** status, but there is **potential for alignment** if strategic steps are taken. Here's an assessment:

❌ Why It Does Not Currently Qualify for SEZ Status

1. **No SEZ Designation Mentioned**
    - The prospectus does not indicate that the site is located within or adjacent to a gazetted SEZ.

- There is no reference to SEZ-related incentives, customs-controlled areas, or SEZ governance structures.

2. **Primary Land Use**

   - The project is a **mixed-use, residentially led urban regeneration** initiative.
   - SEZs are typically designated for **industrial, export-oriented, or high-impact commercial activities**, such as manufacturing, logistics, or green technology.

3. **Location**

   - The site is in **Observatory, Cape Town**, which is not currently part of any known SEZ (e.g., Atlantis SEZ or Saldanha Bay SEZ).

✅ Opportunities for Alignment or Future Qualification

1. **Strategic Economic Activities**

   - If the precinct incorporates **green economy**, **agro-processing**, **digital innovation**, or **light manufacturing** hubs, it could align with SEZ objectives.
   - These sectors are often prioritized in SEZ policy frameworks.

2. **Public-Private Partnerships**

   - The project already emphasizes **PPP models**, which are compatible with SEZ governance structures.

3. **Policy Engagement**

   - The Western Cape Government could explore **applying for SEZ designation** for part of the precinct if it meets national criteria and demonstrates economic impact.

4. **Customs-Controlled Area (CCA) Potential**

   - If any component of the precinct involves **import/export processing**, a CCA could be proposed within the site, subject to SARS and DTIC approval.

📝 Recommendation

If SEZ incentives are a strategic goal, the project team should consider:

- Conducting a **feasibility study** for SEZ designation.
- Engaging with the **Department of Trade, Industry and Competition (DTIC)** and the **Western Cape Department of Economic Development**.
- Exploring **hybrid models**, such as a **green innovation hub** or **urban SEZ node** within the precinct.

Based on the **Oude Molen Precinct Prospectus**, the project itself — as a **mixed-use urban redevelopment** — does **not directly qualify** for the **Black Industrialists Scheme (BIS)**. However, **individual black-owned businesses** operating within the precinct **could qualify**, especially if they are engaged in **manufacturing or industrial activities**.

❌ Why the Precinct Itself Doesn't Qualify

- The **Black Industrialists Scheme** is designed to support **black-owned manufacturing businesses** with:
  - Capital investment.
  - Market access.
  - Skills development.
- The **Oude Molen Precinct** is a **property development project**, not a manufacturing business.
- It focuses on residential, commercial, retail, educational, and cultural uses — not industrial production.

✅ Opportunities for Businesses Within the Precinct

If the precinct includes or supports the establishment of **black-owned manufacturing enterprises**, such as:

- **Agro-processing units**.
- **Green technology manufacturing**.
- **Furniture, textiles, or light industrial production**.

Then those businesses may qualify for BIS support, provided they meet the following criteria:

Eligibility Criteria for BIS

- At least **51% black ownership**.
- Registered and operating in South Africa.
- Involved in **manufacturing or industrial activities**.
- Demonstrated potential for growth, job creation, and competitiveness.
- Minimum investment thresholds (varies by sector and funding stream).

📝 Recommendation

To leverage BIS within the precinct:

1. **Identify and support black-owned manufacturing SMMEs** during the planning and tenanting phases.
2. **Create industrial or light manufacturing zones** within the precinct.
3. **Engage with the Department of Trade, Industry and Competition (DTIC)** to explore BIS alignment.