



Tax Alert

Urban Development Zone tax incentive

8 November 2024

In brief

The Urban Development Zone (UDZ) tax incentive (the incentive) has a sunset date of 31 March 2025. National Treasury (NT) is currently reviewing this incentive and has requested public participation (via an online survey due by 29 November 2024) to collect data to evaluate the effectiveness of the incentive in achieving its objectives. NT will utilise this data to inform its decision on whether to extend the incentive (in its current or amended form) beyond the current sunset date.

In detail

Background

The UDZ incentive (effective from 2004) aims to address urban decay in South Africa by stimulating property development in inner-city areas demarcated as urban development zones.

In the 2023 Budget Review, it was announced that the sunset date of the incentive (contained in section 13*quat* of the Income Tax Act) would be extended to 31 March 2025 to allow for stakeholder consultations as part of the review process of the incentive.

As the incentive is now approaching its sunset date, Government intends to engage with stakeholders regarding the future of the incentive.

NT's invitation for public participation

NT issued a [media statement](#) on 6 November requesting interested parties to complete an online survey on the incentive by 29 November 2024.

The objective of the survey is to collect data to evaluate the effectiveness of the incentive (during the period 2012 to 2021) in achieving its objectives.

This data will be used by NT to inform future tax policies on whether to continue with the incentive beyond the sunset date and, if it continues, whether the current policy design is still appropriate. NT will base its decisions on evidence of the value of the incentive and the impact made to date.

Call for action

Interested parties should complete [the survey](#) by 29 November 2024.





Let's talk

For a deeper discussion on how this issue might affect your business, please contact:

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