



environment, forestry & fisheries

Department:
Environment, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

A.3.2. The Carbon Tax Act 2019

The C Tax Act serves as an accounting framework at the company scale. The legal basis for this is the Carbon Tax Act (Act No. 15 of 2019) which came into effect from 1 June 2019. Amendments to the Act were gazetted on 31 October 2019.

Section 6 (1) sets out the formula for calculation of the tax payable by a taxpayer in respect of a tax period.

$$X = < \{[(E - S) \times (1 - C)] - [D \times (1 - M)]\} + \{P \times (1 - J)\} + \{F \times (1 - K)\} > \times R$$

Equation A.1

The variables in the above formula are:

- (a) "X" represents the amount to be determined that must not be less than zero (i.e. No tax credits are issued if X is a net removal of CO₂ from the atmosphere);
- (b) "E" represents the number in respect of the total fuel combustion related greenhouse gas emissions of the taxpayer in respect of that tax period expressed as a carbon dioxide equivalent;
- (c) "S" represents the number in respect of greenhouse gas emissions, expressed in terms of carbon dioxide equivalent, that were sequestered in respect of that tax period as verified and certified by the Department of Environment, Forestry and Fisheries (DEFF);
- (d) "C" represents a number equal to the sum of the percentages of allowances determined under sections 7, 10, 11, 12, and 13 of the C Tax Act in respect of that tax period, subject to section 14 of the act;
- (e) "D" represents the number in respect of the petrol and diesel related greenhouse gas emissions of that taxpayer in respect of that tax period expressed as a carbon dioxide equivalent, determined in terms of section 4(1) of the act.
- (f) "M" represents a number equal to the sum of the percentages of the allowances determined under sections 7, 12 and 13 in respect of that tax period, subject to section 14 of the tax act;
- (g) "P" represents the number in respect of the total industrial process related greenhouse gas emissions of the taxpayer in respect of that tax period expressed as a carbon dioxide equivalent determined in terms of section 4(1) or (2)(c) of the tax act;
- (h) "J" represents a number equal to the sum of the percentages of the allowances determined under sections 7, 8, 10, 11, 12 and 13 in respect of that tax period, subject to section 14 of the tax act;
- (i) "F" represents the number in respect of the total fugitive greenhouse gas emissions of the taxpayer in respect of that tax period expressed as a carbon dioxide equivalent determined in terms of section 4(1) or (2)(b) of the act;
- (j) "K" represents the sum of the percentages of the allowances determined in terms of sections 7, 9, 10, 11, 12 and 13 in respect of that tax period, subject to section 14 of the tax act; and
- (k) "R" represents the rate of tax prescribed under section 5 of the tax act.