



environment, forestry  
& fisheries

Department:  
Environment, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## Chapter B: Accounting Rulebook

### B.1. Introduction

The aim of the rulebook is to provide an instrument for inclusion of carbon (C) sequestration as a component of the C Tax Act accounting framework under the relevant legislation applicable in South Africa.

Although C sequestration and emissions from the South African Forestry Industry have been reported in the National Greenhouse Gas (GHG) inventory, values have been calculated at a national level using information available to Government and application of the default values set out in the IPCC guidelines. The implementation of the Carbon Tax, liability for emissions will be calculated at a company level. The IPCC has acknowledged that there are challenges associated with the application of the guidelines to areas other than national inventories, such as carbon accounting, and has held expert meetings to review these (e.g. Sofia, 1-3 July 2014). Some major challenges include: difference in boundary-setting, availability, detail and quality of data, questions of appropriateness of emission factors and activity data, insufficient level of detail for specific applications and the non-prescriptive nature of guidance on some issues.

The accounting rules outlined in this document are based on, criteria set out in the C Tax Act, proposed modifications to the Act (see discussion in section A.8), international guidelines (e.g. Conference of Parties under UNFCCC) and consideration of country specific factors based on consultation with Forestry South Africa and PAMSA. In this context, it is important to distinguish between accounting of emissions/removals under the C Tax Act and reporting by companies of sequestration and emissions associated with forestry plantations to the National Greenhouse Gas Emissions Reporting Regulations (NGER). Although many of the reporting considerations in the act are taken directly from the NGER, some of the reporting requirements under the NGER are not adaptable to inclusion as the basis for an accounting framework under the C Tax Act, particularly those related to forestry and other land use activities. The justification of the forestry and harvested wood product (HWP) accounting rules is provided in Chapter A.