



environment, forestry & fisheries

Department:
Environment, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

B.3.1. Eligibility

The current eligibility criteria under the NGER and the C Tax Act is an area threshold of 100ha. These eligibility criteria are redefined to facilitate accounting HWP removals from 3rd party timber harvests, where owned forest areas are less than 100 ha. The rationale is that eligibility to register and account should be based on the criteria to report “E” and not on the area threshold.

B.3.1.1. Ownership and liability

- a) Only taxpayers that are eligible to report and account for “E”, as stipulated under the C Tax Act, can account for forest and HWP emissions and removals (S).
- b) Once an area of forest owned by an eligible taxpayer (B.3.1.1.a) is included and registered for accounting, then it shall continue to be reported and accounted for subsequent tax periods.
- c) To avoid double accounting, ownership of the removals by HWP resides with the processing company and not the plantation from which it is sourced.
- d) Inflows of harvest from other registered taxpaying companies into HWP may be accounted by the eligible taxpayer, provided that the source and amount HWP inflows are transparently identified.
- e) Eligible taxpayers may voluntarily elect to account for forest emissions/removals and inflows into HWP from 3rd party forest plantations areas subjected to, lease, harvest rights or supply contract agreements with the eligible manufacturing company. In this case:
 - i. It is the eligible taxpayer’s responsibility to report and account for 3rd party forestry emissions/removals associated with harvests included in HWP inflows.
 - ii. All 3rd party forest emissions and removals shall be reported and accounted only in the year that harvests from the 3rd party forest area is used as inflows to HWPs.
 - iii. 3rd party HWP inflows may only be accounted if proof of chain of custody certification is provided in the year relevant HWP inflows are accounted.
 - iv. The 3rd party area of forest associated with harvest must be the unit (e.g. sub-compartment) that was harvested (not the total forest area owned by the 3rd Party) and this area must be identifiable and traceable (using GIS or maps).
 - v. If the harvested timber from a unit of 3rd party land is sold to more than one registered taxpaying company, then the individual taxpayer shall transparently account for the equivalent proportion amount of emissions from harvest and inflow into the HWP pool.
- f) If there is a change in ownership, lease or harvest rights, all emissions and removals are the liability of the new land owner.
- g) Only domestically sourced wood from forest land registered by the taxpayer, other registered taxpayers under the act, or accounted 3rd party area are eligible to be accounted as HWP inflows (see section B.3.1.1 a and e).