



## environment, forestry & fisheries

Department:  
Environment, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

- ii. To avoid double accounting, recycled pulp or mill residues produced by the taxpayer and used for production of the HWP shall not be considered as inflows because these are already included in the mass balance calculations.
  - iii. All inflows shall not have previously been accounted as HWP sequestration by a registered 3<sup>rd</sup> party or the registered company.
  - iv. Inflows should exclude purchased processed wood products from registered and 3<sup>rd</sup> parties or cascaded wood products.
  - v. Purchased sawmill or pulp waste residues from other registered taxpayer can be included as inflows. For example, saw mill residues from sawn wood production can be included as inflows if purchased by a wood-based panel manufacturing facility. Similarly, if a registered taxpayer has different processing facilities, the wood-based waste from other production lines can be used of inflows only if it can be demonstrated that removals are not double accounted (i.e. verifiable information must be provided to show that waste inflows are not already included in the mass flow balance of the seller).
  - vi. Timber originating from deforested land must be excluded from HWP inflows in the year deforestation is detected.
- e) Accountable outflows shall include:
- i. Biogenic gaseous CO<sub>2</sub> emissions. These shall be reported but are discounted by 100% in the C Tax Act. N<sub>2</sub>O and CH<sub>4</sub> emissions are reported in accordance with the NGER and accounted as “E” in the C Tax Act.
  - ii. Solid or liquid waste emissions shall also be reported if the defined thresholds set out in the C Tax Act are exceeded. Accounting of all waste emissions are 100% discounted in the C Tax Act.
  - iii. CO<sub>2</sub>eq from CH<sub>4</sub> and N<sub>2</sub>O emissions from waste should be reported under HWP IPCC category 3D1 as set out in the NGER.
- f) The accounting of HWP removals shall acknowledge that long term storage of C is greater in sawn wood and wood-based panels than paper. It is also acknowledged that the half-life decay approach as set out under the IPCC may conservatively overestimate HWP emissions and underestimate long term storage. Therefore, to facilitate accounting of reported m<sub>C<sub>HWP</sub></sub> for each HWP category and/or subcategories will be weighted and discounted based on long-term C retention potentials (96 years, see LCA approach in section C.3.3. in Methodological Guidelines (Chapter C))<sup>14</sup>.
- g) Should mass flow factors for a particular processing facility (i.e. tier 2 or 3) not be available, a taxpayer may use default recovery fractions (see Methodological Guidelines, Annex C, section C.3.3) to estimate HWP removals.
- h) If tier 2 mass flow and recovery factors are confidential, then this information can be provided during the verification under a non-disclosure agreement between DEFF and the taxpayer.
- i) HWP removals for use as fuels, such as firewood, charcoal and matches, are not considered as long term HWP pools and are excluded from “S” in the tax equation.

<sup>14</sup> See section A.8.3.2 of Chapter A for justification and arguments for application of the LCA approach and recommendation for implementation of the 100 year accounting approach when required national data is available.