



environment, forestry & fisheries

Department:
Environment, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

- j) Additional information on annual (tax period) harvested timber owned and sold by the taxpayer and timber purchased from other companies within the tax scheme for production of HWP should be provided when accounting, including:
- i. The total harvest from eligible forest areas owned by the taxpayer.
 - ii. Timber harvested by the taxpayer and used for production of company owned HWP production facilities.
 - iii. Timber purchased from other registered taxpayers for production of company owned HWP production facilities.
 - iv. Timber purchased for HWP from accounted forest areas owned by a 3rd party.
 - v. All HWPs produced by the company in the tax period, by type of HWP.

B.3.3. Permanence

- a) Once emissions and removals are reported and accounted by a taxpayer, these forest areas should continue to be reported for subsequent accounting periods.
- i. The permanence condition B.3.3.a will not apply if a registered taxpayers production facility is sold and/or the threshold to account to E under the C Tax Act is not met¹⁵.
 - ii. If deforestation occurs in registered forest areas, biomass, litter and deadwood C pools will be assumed to be immediately / instantaneously oxidised. Tier 1 emission factors can be used for deadwood pools if no company specific data exists.
 - iii. SOC and F_{SOM} emissions or removals on deforested land shall not be reported or accounted because other land uses are not included in the 2019 C Tax Act.
 - iv. If there is a change in ownership after deforestation occurs, all emissions and removals are the liability of the new landowner.
 - v. All eligible deforestation emissions and removals will be accounted as a debit in the year the deforestation event takes place.
 - vi. If the registered forest area is clear felled and not replanted before sale or lease to a new owner, whom is not eligible for registration or reporting under the scheme, the entity that reported HWP will be debited all emissions from biomass, litter, deadwood and HWP pools in the year before the clear fell event took place (i.e. from all C pools (except for SOC and F_{SOM}) on land and from HWP, using the immediate oxidation assumption applied in clause B.3.3(a)ii).
 - vii. The registered area may be withdrawn from the scheme without any penalties (and not accounted) in the event of rescinding or withdrawal of a water use licence under the National Water Act (Act No. 36 of 1998), removal of plantations from river courses (includes wetlands) as defined in the National Water Act (No. 36 of 1998), or as a result of successful land claims, mandatory clearing of invasive species (Conservation of Agricultural Resource Act, 1983 (Act No. 43 of 1983); National Environmental Management: Biodiversity Act: Alien and Invasive Species Regulations). However, proof of a withdrawal notice should be submitted in the year areas are withdrawn.
- b) Each registered company shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, soil organic and harvested wood products (see Table B.1). A company may choose not to account for litter, deadwood and soil

¹⁵ Note: liability for accounting of E and S is based on ownership as defined in the act, therefore companies cannot be liable for sold land and strict adherence to the permanence principle cannot be satisfied. However, this may lead to leakage of emissions or emission avoidance. (also applies to B.5.3 iv)