

Carbon tax delayed after companies' disapproval

Mike Cohen

THE GOVERNMENT delayed the implementation of a carbon tax to 2015 following objections from companies including ArcelorMittal South Africa and Gold Fields.

The tax was first proposed in December 2010. A year ago, the Treasury said it would begin charging R120 on every ton of carbon emitted above a 60 percent threshold with effect from April 1, this year, and raised the rate by 10 percent a year for the following six years.

The levy would now start in 2015 and increase until 2020, the Treasury said in its Budget Review yesterday. The review said the government was considering scrapping an electricity levy over the same period.

“By pricing the external costs associated with carbon dioxide emissions, incentives will be created to change behaviour and encourage energy-efficiency measures,” the Treasury said.

The government would probably raise R8 billion to R30bn a year from the proposed tax, Treasury chief director of tax policy Cecil Morden said. The Treasury plans to release an updated policy paper on the tax for further comment by the end of next month.

The government said in 2009 that it would try to reduce its emissions by 34 percent by 2020 and cut it by 42 percent by 2025, on the condition that developed countries assisted with funding and expertise.

Mining and manufacturing companies say additional taxes are unaffordable and will deter investment. – Bloomberg