

Carbon tax in spotlight

By **KHULEKANI MAGUBANE**

REPRESENTATIVES of companies including Sasol, AngloGold Ashanti and Arcelor Mittal SA say more clarity is needed on how a carbon tax will be implemented in 2015.

They were speaking at a National Business Initiative briefing on South Africa's carbon tax policy in Johannesburg on Tuesday.

The concerns of business about the Carbon Tax Policy Paper released last month seemed to echo those of MPs raised this month in parliament.

MPs warned that hasty implementation of a carbon tax could have a negative effect on South Africa's rate of growth, and a comparably small effect on global greenhouse gas emissions. The tax is aimed at reducing the emissions.

Proposed measures on the carbon tax have been published and are now open for public comment.

According to the Treasury, South Africa is "by any measure" a significant emitter of greenhouse gases.

The chief director of economic tax analysis at the Treasury, Cecil Morden, said at the briefing that South Africa found itself in a peculiar position.

This had to do with the need to implement a carbon tax to reduce emissions, while grappling with slow economic growth, unemployment, poverty and inequality.

"Our emissions profile increased even during the time when our economy wasn't doing very well.

"We have various environmental challenges, climate change being one of them," Morden said.

Representatives of companies in the mining and energy sectors asked Morden how revenue recycling would be channelled from the carbon tax once it was in effect. They further enquired if being a leading country in carbon tax was in line with South Africa's other economic priorities.

Morden dismissed speculation that the carbon tax was a revenue collection exercise for the Treasury. He said options for revenue recycling included soft earmarking and tax reductions.

"If we want to raise revenue, I can easily increase the corporate tax rate, I can increase the VAT rate," Morden said. "We don't have to have carbon tax revenue [as] there are other sources to raise revenue."

PricewaterhouseCoopers's head of tax technical, Kyle Mandy, said the Carbon Tax Policy Paper lacked detail pertaining to business operations and socioeconomic effects. "It's concerning and it also means business is not in a position to assess it [the document]."