



# SA planning to introduce carbon taxes next year

SOUTH Africa, the continent's top greenhouse gas producer, plans to tax carbon emissions from January 2015, but will introduce some exemptions to protect industry and jobs, said Finance Minister Pravin Gordhan yesterday .

The tax, set at R120 per ton of carbon dioxide equivalent, has been criticised by carbon-intensive companies such as petrochemicals giant Sasol and ArcelorMittal SA who argue that the state's attempt to curb emissions blamed for global warming would hit profits.

The carbon tax drive occurs against a backdrop of rising electricity tariffs and sluggish economic growth. Growth is seen as averaging 3.3% over the next three years.

The treasury proposed a 60% tax-free threshold until 2020 on annual emissions for all sectors, including electricity, petroleum, iron, steel and aluminium.

"To soften the impact, a tax-free exemption threshold of 60% will be set, with additional allowances for emissions intensive and trade-exposed industries," Gordhan told Parliament.

Companies will be able to claim additional relief of up to 10% by investing in external green projects to reduce their carbon tax liabilities.

South Africa wants to cut carbon dioxide emissions by a third over the next decade but has little flexibility to make fast changes with major employers among the top polluters. Its cash-strapped power sector is almost fully reliant on coal.

The carbon tax, to be phased in over time, is one of many green initiatives aimed at reducing the carbon footprint in the continent's largest economy, including a biofuels production incentive and higher vehicle emissions taxes.

The treasury will release an updated carbon tax policy paper for further public consultation at the end of March.

– Reuters