



Tax & Legal Flash



July 2021

Carbon Tax returns due 29 July 2021

As part of the national response to the COVID-19 pandemic in 2020, the carbon tax stimulus relief, which took the form of a three-month delay for the filing and first payment of carbon tax, was added to South Africa's list of additional economic relief measures. However, unlike the many other "new normals" that we are experiencing, carbon tax falls outside of this catch phrase.

The carbon tax, legislated in terms of the Carbon Tax Act No. 15 of 2019 ("Carbon Tax Act") and administered in terms of the Customs and Excise Act, No 91 of 1964 ("C&E Act") as an Environmental Levy on Carbon Emissions, requires that every person who operates emissions generation facilities at a combined capacity equal to or above the legislated carbon tax threshold, must register with the South African Revenue Service ("SARS"), and obtain a consolidated license for the combination of its emissions facilities that generate emissions liable to carbon tax.

In addition, the C&E Act requires that every licensee must submit, for each tax period, the annual carbon tax accounts and payment of the environmental levy *"in the month of July of the year following the tax period, but not later than the penultimate working day of that month"*. For the first carbon tax period ended 31 December 2019, the deadline of 31 July 2020 in respect of the submission and payment of annual carbon tax accounts was deferred to 31 October 2020.

A return to the status quo

The second carbon tax reporting period, which runs from 1 January 2020 to 31 December 2020, sees a return to the legislated deadline of the *"penultimate working day"* of the *"month of July of the year following the tax period"* for the submission of annual carbon tax accounts and payment of the environmental levy. As such, taxpayers should ensure that their carbon tax accounts in respect of the 2020 reporting period, together with the relevant annexures, are submitted on e-filing and carbon tax payments are made by **15:00 on 29 July 2021**. Late submission and payment may result in substantial interest and penalties being levied by SARS.

How can KPMG help?

KPMG's Carbon Tax's Team provides assistance to ensure that taxpayers are fully compliant with the Carbon

Tax Act and C&E Act, which includes, *inter alia*:

- Determining the application of the carbon tax legislation to your business;
- Registration assistance with SARS in terms of the Customs & Excise Act;
- Calculating the potential Carbon Tax liability, including determining which allowances apply to your business; and
- E-filing submission assistance.

For additional information or assistance, please contact a member of our Carbon Tax Team:

Contact us



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