



Tax & Legal Flash

October 2021

Carbon Tax licence renewals due

The carbon tax is administered in terms of the Customs and Excise Act, No 91 of 1964 (“C&E Act”) as an Environmental Levy on Carbon Emissions, which 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. The emission facilities will be licensed as a “customs and excise manufacturing warehouse”.

The validity period for licences for registered customs and excise manufacturing warehouses is from the effective date of issue until 31 December 2021, and thereafter 31 December of the following year. Under the C&E Act, all Carbon Tax licence holders are required to renew their carbon tax licence 30 days before expiry. Therefore, the application for renewal must be submitted to SARS before **30 November 2021** to avoid any penalties and/or interest levied in respect of late submissions. It should be noted that any changes to company

profile must be registered with SARS before renewal applications are submitted.

As large volumes of applications are expected to be submitted by taxpayers during November, SARS is encouraging all Carbon tax licence holders to apply for renewal sooner rather than later.

SARS delays will not affect validity of documents

Although delays in the approval of licence renewal applications should be expected, SARS has indicated that the date of submission of documents secures the FICA status, rather than the date of approval. Therefore, if the application and approval process takes longer than three months, SARS will not require that companies resubmit their documents.

How can KPMG help?

KPMG's Customs Team provides assistance in relation to the application for renewal of carbon tax licences for companies' manufacturing warehouses with SARS, which includes, *inter alia*:

- Reviewing documentation received to verify the authenticity and acceptability thereof by SARS;
- Completing the relevant licence renewal forms and drafting a letter to SARS in support of the renewal application;
- Meeting with SARS to submit the renewal application, participate in SARS' interview and ensure details are correctly captured on the SARS system; and
- Dealing with SARS queries regarding the renewal application and regular follow ups with SARS to monitor the processing of the renewal application.

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

Contact us



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