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**GOVERNMENT NOTICES • GOEWERMENSKENNISGEWINGS**

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**NATIONAL TREASURY**

NO. 595

8 July 2021

**CARBON TAX ACT, 2019 (ACT NO. 15 OF 2019)****REGULATIONS**

I, Tito Titus Mboweni, Minister of Finance, under section 19(c) of the Carbon Tax Act, 2019 (Act No.15 of 2019), for the purposes of section 13 of the Act, hereby make the regulations as set out in the Schedule hereto.



**TT MBOWENI**  
**MINISTER OF FINANCE**

## SCHEDULE

### Definitions

1. In these Regulations, "**the Regulations**" means the regulations published by Government Notice No. R.1556 of 29 November 2019.

### Amendment of regulation 1 of the Regulations

2. Regulation 1 of the Regulations is hereby amended—

(a) by the substitution in the definition of "approved project" for paragraph (d) of the following paragraph:

"(d) a project that complies with another standard approved by the Minister responsible for Energy or delegated authority;"

(b) by the deletion of the definition of "attestation of voluntary cancellation";

(c) by the substitution for the definition of "cancellation of carbon credit" of the following definition:

**"cancellation of carbon credit"** means the permanent removal of a carbon credit from circulation in the CDM registry, VERRA registry, Gold Standard impact registry or a national registry for purposes other than retirement;"

(d) by the insertion after the definition of "CDM project" of the following definitions:

**"CDM registry"** means an electronic database system in which the issuance and distribution of certified emission reductions relating to CDM projects are recorded and maintained by the secretariat established under Article 8 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

**'certificate of voluntary cancellation'** a document issued by the CDM, VERRA, Gold Standard or a national registry certifying that a carbon credit has been cancelled for the purpose of being used in the South African carbon tax offset scheme;"

(e) by the insertion after the definition of "gold standard" of the following definition:

“**Gold Standard Impact Registry**’ means the public registry maintained by the Gold Standard to track carbon credits;”;

(f) by the insertion after the definition of “listing confirmation” of the following definition:

“**national registry**’ means a registry implemented and maintained by a government that is a party to Annex B to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, containing accounts within which units are held in the name of the government or in the name of a legal entity authorized by the government to hold and trade units.”;

(g) by the substitution for the definition of “VCS project” of the following definition:

“**VCS project**’ means a greenhouse gas reduction program voluntarily entered into that is registered in the VERRA registry in respect of which a verified carbon unit is issued;”;

(h) by the insertion of the following definition after the definition of “sequesterate”:

“**VERRA**’ means the non-profit non-governmental association, registered as a non-profit corporation under the laws of the District of Columbia (Washington, DC, USA), that administers the VCS program;”;

(i) by the deletion of the definitions of “VCS project database” and “VCS registry system”; and

(j) by the addition of the following definition

“**VERRA registry**’ means the central repository for all information and documentation relating to projects using VERRA programs.”.

### **Amendment of regulation 2 of the Regulations**

3. Regulation 2 of the Regulations is hereby amended by the substitution for subregulation (2) of the following subregulation:

(2) An offset in respect of an approved project in existence prior to 1 June 2019, in respect of which activities become subject to tax on or after that date under the Carbon Tax Act, other than any project mentioned in regulation 4(1)(a) and (b) constitutes an offset for the purpose of these Regulations only if the offset would have been able to be used as an offset, notwithstanding subregulation (1)(b), under these Regulations up to 31 May 2019 had these Regulations been in operation on or before

that date if that offset is utilised for the purpose of these Regulations on or before 28 July 2023 in relation to the first phase of the carbon tax ending on 31 December 2022.

#### **Amendment of regulation 3 of the Regulations**

4. Regulation 3 of the Regulations is hereby amended by the addition to subregulation (1)(c) of the following subparagraph:

- “(iii) for all offsets in respect of activities other than activities contemplated in subparagraphs (i) and (ii), a period—
- (aa) of 7 years which period may be extended twice but not more than 21 years; or
  - (bb) ten years which period may not be extended.”.

#### **Amendment of regulation 4 of the Regulations**

5. Regulation 4 of the Regulations is hereby amended –

- (a) by the deletion of subregulation (1) (c);
- (b) by the substitution for subregulation 4(2) of the following subregulation:

(2) A taxpayer may not receive the allowance in respect of an offset of a project in respect of which any allowance has been received in terms of section 12L of the Income Tax Act, 1962 (Act No. 58 of 1962).
- (c) by the addition after subregulation 4(2) of the following subregulation:

(3) For the purpose of this regulation-

“**renewable energy**” means energy generated from the following source-

- (a) biomass;
- (b) geothermal;
- (c) hydro;
- (d) ocean currents;
- (e) solar;
- (f) tidal waves; or
- (g) wind

**“temporary CDM certified emission reduction”** means a temporary certified emission reduction as defined in the United Nations Framework Convention on Climate Change, Clean Development Mechanism *Glossary: CDM Terms*.

#### **Amendment of regulation 8 of the Regulations**

6. Regulation 8 of the Regulations is hereby amended by the substitution for paragraph (d) of the following paragraph:

“(d) submit to the administrator a certificate of voluntary cancellation.”.

#### **Amendment of regulation 9 of the Regulations**

7. Regulation 9 of the Regulations is hereby amended—

(a) by the substitution in paragraph (e) for subparagraphs (ii) and (iii) of the following subparagraphs:

“(ii) a certificate of voluntary cancellation is in accordance with an agreement between the government of the Republic and the applicable issuing standard;

(iii) a statement contained in the certificate of voluntary cancellation referred to in subparagraph (ii), specifying that the request for voluntary cancellation is made for the purposes of utilising a carbon offset in accordance with these Regulations;” and

(b) by the substitution for paragraph (g) of the following paragraph:

“(g) issue a listing confirmation, reflecting the amount of credits indicated on the certificate of voluntary cancellation, upon successful listing of an offset in the offset registry.”.

#### **Amendment of regulation 13 of the Regulations**

8. Regulation 13 of the Regulations is hereby amended by the substitution of the following:

**13.** These regulations are called the Regulations under section 19 of the Carbon Tax Act and are deemed to have come into operation on 1 June 2019.

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