

CARBON TAX ACT 15 OF 2019

(English text signed by the President)

[Assented to 22 May 2019]

[Commencement date: 1 June 2019]

as amended by:

Taxation Laws Amendment Act 34 of 2019

Rates and Monetary Amounts and Amendment of Revenue Laws Act 22 of 2020 Taxation

Laws Amendment Act 23 of 2020

Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2021 Taxation

Laws Amendment Act 20 of 2021

Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2022 Taxation

Laws Amendment Act 20 of 2022

Taxation Laws Amendment Act 17 of 2023

Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2023 Taxation

Laws Amendment Act 42 of 2024

Rates and Monetary Amounts Amendment Act 45 of 2024

ACT

To provide for the imposition of a tax on the carbon dioxide (CO₂) equivalent of greenhouse gas emissions; and to provide for matters connected therewith.

PREAMBLE

SINCE the causality of the increasing of anthropogenic greenhouse gas emissions in the atmosphere and the global climate change has been scientifically confirmed;

AND SINCE it has consequently become necessary to manage the inevitable climate change impact through interventions that build and sustain South Africa's social, economic and environmental resilience and emergency response capacity;

AND SINCE it has also become necessary to make a contribution to the global effort to stabilise greenhouse gas concentrations in the atmosphere at a level that avoids dangerous anthropogenic interference with the climate system within a timeframe that enables economic, social and environmental development to proceed in a sustainable manner;

AND SINCE the costs of remedying pollution, environmental degradation and consequent adverse health effects and of preventing, controlling or minimising further pollution, environmental damage or adverse health effects must be paid for by those responsible for harming the environment (the polluter pays principle);

AND SINCE government is desirous to utilise a package of measures in an effort to address the challenges posed by climate change;

AND SINCE this package of measures will be achieved by the deployment of a range of measures to support the system of desired emissions reduction outcomes, including the appropriate pricing of carbon and economic incentives, as well as the use of emissions offsets;

AND SINCE government is of the view that imposing a tax on greenhouse gas emissions and concomitant measures such as providing tax incentives for rewarding the efficient use of energy will provide appropriate price signals to help nudge the economy towards a more sustainable growth path,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows:-

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PART I

DEFINITIONS AND GENERAL PROVISIONS RELATING TO IMPOSITION OF CARBON TAX

1. Definitions

In this Act, unless the context otherwise indicates-

“allowance” means any amount allowed to be taken into account in terms of Part II, subject to section 14, for the purposes of determining the amount of carbon tax payable;

“carbon budget” means an amount of greenhouse gas emissions permitted, against which direct emissions arising from the operations of a person during a defined time period will be accounted for;

“carbon dioxide (CO₂) equivalent” means the concentration of carbon dioxide that would cause the same amount of radiative forcing (the difference of sunlight absorbed by the Earth and energy radiated back to space) as a given mixture of carbon dioxide and other greenhouse gases;

“carbon tax” means a tax on the carbon dioxide (CO₂) equivalent of greenhouse gas emissions imposed in terms of section 2;

“combustion” means the exothermic reaction of a fuel with oxygen;

“Commissioner” means the Commissioner for the South African Revenue Service;

“emission factor” means the average emission rate of a given greenhouse gas for a given source, relative to the activity data of a source stream assuming complete oxidation for combustion and complete conversion for all other chemical reactions;

“emissions” means-

- (a) the release of greenhouse gases or their precursors; or
- (b) the release of greenhouse gases and their precursors,

into the atmosphere, over a specified area and period of time;

“emissions intensity” means an indicator of the result of the measurement of the quantity of greenhouse gas emissions in relation to an activity;

“emissions intensity benchmark” means the result of the measurement in respect of an activity that creates greenhouse gas emissions-

- (a) expressed as a predetermined value of the quantity of specified greenhouse gas emissions;
- (b) in relation to an activity that is differentiated from other activities by means of a product, a type of fuel or a technology; and
- (c) compared against the quantity of greenhouse gas emissions,

in relation to an identical activity undertaken by another person;

“fugitive emissions” means emissions that are released into the atmosphere by any other means than through an intentional release through stack or vent including extraction, processing, delivery and burning for energy production of fossil fuels, including leaks from industrial plant and pipelines;

“greenhouse gas” means gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and re-emit infrared radiation, and includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆);

“industrial process” means a manufacturing process that chemically or physically transforms materials;

“IPCC” means the Intergovernmental Panel on Climate Change established for the purposes of providing internationally coordinated scientific assessments of the magnitude, timing and potential environmental and socio-economic impact of climate change by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) and endorsed by the United Nations by General Assembly Resolution 43/53 made at the 70th plenary meeting on 6 December 1988;

“IPCC code” means the source code in respect of an activity resulting in the emission of a greenhouse gas as stipulated in the “Guidelines for National Greenhouse Gas Inventories” (2006) issued by the IPCC;

“Minister” means the Minister of Finance;

“person” includes-

- (a) a partnership;
- (b) a trust;
- (c) a municipal entity as defined in section 1 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); and
- (d) a public entity listed in Schedules 2, 3A, 3B, 3C and 3D to the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (e) a municipality which falls within a category listed in section 155(1) of the Constitution of the Republic of South Africa, 1996, and which is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

[Para. (e) added by s. 89 of Act 34/2019 deemed to have come into operation on 1 June 2019]

“taxpayer” means a person liable for the carbon tax in terms of section 3; and

“tax period” means a period in respect of which tax is payable as prescribed under section 16.

2. Imposition of carbon tax

There must be levied and collected for the benefit of the National Revenue Fund, a tax to be known as the carbon tax.

3. Persons subject to tax

A person is-

- (a) a taxpayer for the purposes of this Act; and
- (b) liable to pay an amount of carbon tax calculated as contemplated in section 6 in respect of a tax period as specified in section 16,

if that person conducts an activity in the Republic, resulting in greenhouse gas emissions, equal to or above the threshold determined by matching the activity listed in the column “Activity/ Sector” in Schedule 2 with the number in the corresponding line of the column “Threshold” of that table.

[Words following para. (b) substituted by s. 90 of Act 34/2019 deemed to have come into operation on 1 June 2019]

4. Tax base

- (1) Notwithstanding subsection (2), the carbon tax must be levied in respect of the sum of the greenhouse gas emissions of a taxpayer in respect of a tax period expressed as the carbon dioxide equivalent of those greenhouse gas emissions resulting from fuel combustion and industrial processes, and fugitive emissions in accordance with an emissions determination methodology approved by the Department of Environmental Affairs.

[Subs. (1) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (2) Where a taxpayer uses an emissions determination methodology in respect of the sum of the greenhouse gas emissions of a taxpayer in respect of a tax period-

(a) employing readily available statistical data on the intensity of processes (activity data) and emission factors as specified in the 'IPCC Guidelines For National Greenhouse Gas Inventories' (2006)); or

(b) employing the statistical data and emission factors as specified in paragraph (a) including country-specific emission factors,

in respect of greenhouse gas emissions resulting from fuel combustion, and industrial processes, and fugitive emissions the carbon tax must be levied in respect of the sum of the greenhouse gas emissions of a taxpayer in respect of a tax period expressed as the carbon dioxide equivalent of those greenhouse gas emissions resulting from-

[Words preceding para. (a) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (a) fuel combustion in respect of that tax period that is a number constituted by the sum of the respective numbers determined for each type of fuel in respect of which a greenhouse gas is emitted in respect of that tax period which respective numbers must be determined in accordance with the formula:

$$E = (A \times B)$$

in which formula-

(i) "E" represents the number to be determined;

(ii) "A" represents the mass of any one type of the fuel expressed in tonne that is the source of the greenhouse gas emission, other than any fuel utilised for the purposes of international aviation and maritime transport;

(iii) "B" represents the greenhouse gas emission factor in carbon dioxide equivalent per tonne that must be determined in accordance with the formula:

$$X = \{[(C \times 1) + (M \times 23) + (N \times 296)] \times D\}Y$$

[Formula substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

in which formula-

(aa) "X" represents the number to be determined;

(bb) "C" represents the carbon dioxide emissions of a fuel type determined by matching the fuel type listed in the column "fuel type" in Table 1 of Schedule 1 with the number in the corresponding line of the column "CO₂ (KGCO₂/TJ)" of that table;

(cc) "M" represents the methane emissions of a fuel type determined by matching the fuel type listed in the column "fuel type" in Table 1 of Schedule 1 with the number in the corresponding line of the column "CH₄ (KGCH₄/TJ)" of that table;

(dd) "N" represents the Nitrous Oxide emissions of a fuel type determined by matching the fuel type listed in the column "fuel type" in Table 1 of Schedule 1 with the number in the corresponding line of the column "N₂O (KGN₂O/TJ)" of that table;

[Item (dd) amended by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

(ee) "D" represents the net default calorific value (terajoule per tonne) of a fuel type determined by matching the fuel type listed in the column "fuel type" in Table 1 of Schedule 1 with the number in the corresponding line of the column "DEFAULT CALORIFIC NET VALUE (TJ/TONNE)" of that table; and

[Item (ee) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

(ff) "Y" represents the number 1000;

[Item (ff) added by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (b) fugitive emissions that is a number constituted by the sum of the respective numbers determined for each type of commodity, fuel or technology in respect of which the greenhouse gas is emitted in respect of a tax period which respective numbers must be determined in accordance with the formula:

$$F = (N \times Q)$$

in which formula-

(i) "F" represents the number to be determined;

- (ii) “N” represents the mass expressed in tonne in the case of solid fuels or the volume of each type of fuel expressed in cubic metres in the case of fuels other than solid fuels, in respect of the greenhouse gas emission; and
- (iii) “Q” represents the greenhouse gas emission factor in carbon dioxide equivalent per tonne or cubic metres-

(aa) in the case of oil and natural gas, that must be determined in accordance with the formula:

$$X = [(C \times 1) + (M \times 23) + (N \times 296) \times Y$$

in which formula-

- (a) “X” represents the number to be determined;
- (b) “C” represents the carbon dioxide emissions of a fuel type determined by matching the fuel type listed in the column “fuel type” in Table 2 of Schedule 1 with the number in the corresponding line of the column “CO₂” of that table;
- (c) “M” represents the methane emissions of a fuel type determined by matching the fuel type listed in the column “fuel type” in Table 2 of Schedule 1 with the number in the corresponding line of the column “CH₄” of that table;
- (d) “N” represents the Nitrous Oxide emissions of a fuel type determined by matching the fuel type listed in the column “fuel type” in Table 2 of Schedule 1 with the number in the corresponding line of the column “N₂O” of that table;
- (e) “Y” represents the number 1000; and

(bb) in the case of coal mining and handling, that must be determined in accordance with the formula:

$$X = (M \times D \times 23) \times Y$$

in which formula-

- (a) “X” represents the number to be determined;
- (b) “M” represents the methane emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column “CH₄” of that table;
- (c) “D” represents the density factor for coal mining and handling methane emissions (0.67 x 10⁻⁶ Gg/ m³);
- (d) “Y” represents the number 1000; and

[Item (iii) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (c) industrial process in respect of a tax period that is a number constituted by the sum of the respective numbers determined for each type of commodity, fuel or technology in respect of which the greenhouse gas is emitted in respect of that tax period which respective numbers must be determined in accordance with the formula:

$$P = (G \times H)$$

in which formula-

- (i) “P” represents the amount to be determined that must not be less than zero;
- (ii) “G” represents the mass of each raw material used or product produced expressed in tonne in respect of which the greenhouse gas is emitted in respect of that tax period; and
- (iii) “H” represents the greenhouse gas emission factor in carbon dioxide emissions equivalent per tonne for each raw material used or product produced that must be determined in accordance with the formula:

$$X = (C \times 1) + (M \times 23) + (N \times 296) + (H \times 11\,900) + (T \times 5\,700) + (S \times 22\,200)$$

in which formula-

- (aa) “X” represents the number to be determined;
- (bb) “C” represents the carbon dioxide emissions of a raw material or product determined by matching the fuel type listed in the column “SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT” in Table 3 of Schedule 1 with the number in the corresponding line of the column “tonne CO₂/tonne product” of that table;

[Subitem (bb) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (cc) “M” represents the methane emissions of a raw material or product determined by matching the fuel type listed in the column “SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT” in Table 3 of Schedule 1 with the number in the corresponding line of the column “tonne CH₄/tonne product” of that table;

[Subitem (cc) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (dd) “N” represents the Nitrous Oxide emissions of a raw material or product determined by matching the fuel type listed in the column “SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT” in Table 3 of Schedule 1 with the

number in the corresponding line of the column “tonne N₂O/tonne product” of that table;

[Subitem (dd) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (ee) “H” represents the Hexafluoroethane (C₂F₆) emissions of a raw material or product determined by matching the fuel type listed in the column “SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT” in Table 3 of Schedule 1 with the number in the corresponding line of the column “tonne C₂F₆/tonne product” of that table;

[Subitem (ee) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (ff) “T” represents the carbon tetrafluoride (CF₄) emissions of a raw material or product determined by matching the fuel type listed in the column “SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT” in Table 3 of Schedule 1 with the number in the corresponding line of the column “tonne CF₄/tonne product” of that table; and

[Subitem (ff) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (gg) “S” represents the Sulphur hexafluoride (SF₆) emissions of a raw material or product determined by matching the fuel type listed in the column “SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT” in Table 3 of Schedule 1 with the number in the corresponding line of the column “tonne SF₆/tonne product” of that table.

[Subitem (gg) substituted by s. 91 of Act 34/2019 deemed to have come into operation on 1 June 2019]

5. Rate of tax

- (1) The rate of the carbon tax on greenhouse gas emissions must, subject to subsections (2) and (3), be imposed at an amount of R190 per ton carbon dioxide equivalent of the greenhouse gas emissions of a taxpayer.

[Subs. (1) substituted by s. 10 of Act 22/2020, s. 6 of Act 19/2021 deemed w.e.f. 1 January 2021, s. 7 of Act 19/2022 deemed w.e.f. 1 January 2022, s. 8(1) of Act 19/2023 deemed w.e.f. 1 January 2023 and s. 2(1) of Act 45/2024 deemed w.e.f. 1 January 2024]

- (2) The rate of tax specified in subsection (1) must be increased to the amount of-

- (a) R159 for tax periods from 1 January 2023 until 31 December 2023;
- (b) R190 for tax periods from 1 January 2024 until 31 December 2024;
- (c) R236 for tax periods from 1 January 2025 until 31 December 2025.

[Subs. (2) substituted by s. 92 of Act 34/2019 deemed to have come into operation on 1 July 2019, and by s. 38 of Act 20/2022 w.e.f. 1 January 2023]

- (2A) The rate of tax specified in subsection (1) must be increased to the amount of R308 for tax periods from 1 January 2026 until 31 December 2026.

[Subs. (2A) inserted by s. 38 of Act 20/2022 w.e.f. 1 January 2023]

- (2B) The rate of tax specified in subsection (1) must be increased to the amount of-

- (a) R347 for tax periods from 1 January 2027 until 31 December 2027;
- (b) R385 for tax periods from 1 January 2028 until 31 December 2028;
- (c) R424 for tax periods from 1 January 2029 until 31 December 2029.

[Subs. (2B) inserted by s. 38 of Act 20/2022 w.e.f. 1 January 2023]

- (2C) The rate of tax specified in subsection (1) must be increased to the amount of R462 for tax periods from 1 January 2030 until 31 December 2030.

[Subs. (2C) inserted by s. 38 of Act 20/2022 w.e.f. 1 January 2023]

- (3) The rate of tax must be increased after 31 December 2030 by the amount announced by the Minister in the national annual budget contemplated in section 27(1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

[Subs. (3) substituted by s. 92 of Act 34/2019 deemed to have come into operation on 1 July 2019, and by s. 38 of Act 20/2022 w.e.f. 1 January 2023]

- (4) The rate of tax specified in subsection (1) may be adjusted by the amount announced by the Minister in the national annual budget contemplated in section 27(1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), in 2025 and thereafter at three-year intervals to take into account the impact of exchange rate movements on the comparability of the rate to global carbon pricing.

[Subs. (4) added by s. 38 of Act 20/2022 w.e.f. 1 January 2023]

6. Calculation of amount of tax payable

- (1) Subject to subsections (2) and (3), the amount of tax payable by a taxpayer in respect of a tax period must be calculated in accordance with the formula:

[Words preceding the formula substituted by s. 77 of Act 23/2020 deemed to have come into operation 1 January 2020]

$$X = \{[(E - S) \times (1 - C)] - [D \times (1 - M)]\} + \{P \times (1 - J)\} + \{F \times (1 - K)\} \times R$$

in which formula-

- (a) “X” represents the amount to be determined that must not be less than zero;
- (b) “E” represents the number in respect of the total fuel combustion related greenhouse gas emissions of the taxpayer in respect of that tax period expressed as a carbon dioxide equivalent determined in terms of section 4(1) or (2)(a);
- (c) “S” represents the number in respect of greenhouse gas emissions, expressed in terms of carbon dioxide equivalent that were sequestered in respect of that tax period as verified and certified by the Department of Environmental Affairs;
- (d) “C” represents a number equal to the sum of the percentages of allowances determined under sections 7, 10, 11, 12, and 13 in respect of that tax period, subject to section 14;
- (e) “D” represents the number in respect of the petrol and diesel related greenhouse gas emissions of that taxpayer in respect of that tax period expressed as a carbon dioxide equivalent, determined in terms of section 4(1) or (2)(a);
- (f) “M” represents a number equal to the sum of the percentages of the allowances determined under sections 7, 12 and 13 in respect of that tax period, subject to section 14;
- (g) “P” represents the number in respect of the total industrial process related greenhouse gas emissions of the taxpayer in respect of that tax period expressed as a carbon dioxide equivalent determined in terms of section 4(1) or (2)(c);
- (h) “J” represents a number equal to the sum of the percentages of the allowances determined under sections 7, 8, 10, 11, 12 and 13 in respect of that tax period, subject to section 14;

[Para. (h) substituted by s. 93 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (i) “F” represents the number in respect of the total fugitive greenhouse gas emissions of the taxpayer in respect of that tax period expressed as a carbon dioxide equivalent determined in terms of section 4(1) or (2)(b);
- (j) “K” represents the sum of the percentages of the allowances determined in terms of sections 7, 9, 10, 11, 12 and 13 in respect of that tax period, subject to section 14; and
- (k) “R” represents the rate of tax prescribed under section 5:

Provided that where the number in respect of the determination of the expression “(E-S)” in the formula is less than zero, that number must be deemed to be zero.

- (2) The amount of tax payable by a taxpayer in respect of the generation of electricity from fossil fuels conducting activities under the IPCC codes 1A1 for energy industries (including heat and electricity recovery from Waste), 1A2 for manufacturing industries and construction (including heat and electricity recovery from Waste) and 1A4 for other sectors (including heat and electricity recovery from Waste) in respect of a tax period must be calculated in accordance with the formula:

$$X = A - B - C$$

in which formula-

[Words preceding para. (a) substituted by s. 39 of Act 20/2022 w.e.f. 1 January 2023]

- (a) “X” represents the amount to be determined that must not be less than zero;
- (b) “A” represents the amount of tax payable in respect of a tax period determined in terms of subsection (1);
- (c) “B” represents an amount equal to the quantity of renewable electricity (kWh) purchased under a power purchase agreement multiplied by the renewable energy premium determined by the Minister by notice in the Gazette in respect of a tax period, until 31 December 2025; and

[Para. (c) substituted by s. 63 of Act 20/2021 w.e.f. 1 January 2021, and by s. 39 of Act 20/2022 w.e.f. 1 January 2023]

- (d) “C” represents an amount equal to the environmental levy contemplated in respect of electricity generated in the Republic in Section B of Part 3 of Schedule 1 to the Customs and Excise Act, 1964 (Act No. 91 of 1964), paid in respect of a tax year, until 31 December 2025.

[Para. (d) substituted by s. 39 of Act 20/2022 w.e.f. 1 January 2023]

- (3) The amount of tax payable by a taxpayer that is a petroleum refinery in respect of a tax period must be calculated in accordance with the formula:

$$X = A - (B \times P)$$

in which formula-

- (a) ‘X’ represents the amount to be determined that must not be less than zero;
- (b) ‘A’ represents the amount of tax payable in respect of a tax period determined in terms of subsection (1);
- (c) ‘B’ represents an amount of 0.69 cents per litre; and

[Para. (c) substituted by s. 8 of Act 19/2022 w.e.f. 1 January 2022, s. 9(1) of Act 19/2023 deemed w.e.f. 1 January 2023 and s.3(1) of Act 45/2024 deemed w.e.f. 1 January 2024]

- (d) ‘P’ represents the total amount of petrol produced expressed in litres.

[Subs. (3) inserted by s. 77 of Act 23/2020 deemed to have come into operation on 1 January 2020 (Insertion instruction in s. 77 of Act 23/2020 amended by s. 76 of Act 20/2021 deemed to have come into operation on 1 January 2020)]

(4) For the purposes of this section “sequesterate” means-

(a) the process of storing a greenhouse gas in forestry plantations and harvested wood products within the operational control of the taxpayer in respect of fuel combustion emissions declared in terms of IPCC codes 1A2d for pulp, paper and print and 1A2j for wood and wood products in terms of section 4(1); or

(b) the process of storing a greenhouse gas in forestry plantations and harvested wood products within the operational control of the taxpayer in respect of fuel combustion emissions declared in terms of IPCC codes 1A2d for pulp, paper and print and 1A2j for wood and wood products or increasing the carbon content of a carbon reservoir other than the atmosphere in respect of fuel combustion emissions declared in terms of section 4(2)(a).

[Subs. (3) renumbered as subs. (4) by s. 76 of Act 20/2021, substituted by s. 63 of Act 20/2021 deemed to have come into operation on 1 January 2021 (Renumbering instruction in s. 77 of Act 23/2020 amended by s. 76 of Act 20/2021 deemed to have come into operation on 1 January 2020), and substituted by s. 39 of Act 20/2022 w.e.f. 1 January 2022]

(5) For the purposes of this section, ‘renewable electricity purchased under a power purchase agreement’ includes renewable electricity purchased under an agreement ceded to the National Transmission Company of South Africa.

[Subs. (5) added by s. 62(1) of Act 42/2024 deemed w.e.f. 1 January 2024]

PART II

ALLOWANCES

7. Basic tax-free allowances

- (1) A taxpayer that conducts an activity that is listed in Schedule 2 in the column “Activity/Sector” must receive an allowance in respect of those emissions, determined in terms of subsection (2).
- (2) The percentage of the allowance referred to in subsection (1) must be calculated by matching the line in which the activity is contained in the column “Activity/Sector” with the corresponding line in the column “Basic tax-free allowance %” in Schedule 2 of the total percentage of greenhouse gas emissions in respect of a tax period in respect of that activity.

[S. 7 substituted by s. 94 of Act 34/2019 deemed to have come into operation on 1 June 2019]

8. Allowance for industrial process emissions

- (1) A taxpayer that conducts an activity in respect of industrial process emissions that is listed in Schedule 2 in the column “Activity/Sector” must receive an allowance in respect of those emissions, determined in terms of subsection (2).
- (2) The percentage of the allowance referred to in subsection (1) must be 10 per cent of the total greenhouse gas emissions in respect of a tax period in respect of that activity.

[Subs. (2) substituted by s. 95 of Act 34/2019 deemed to have come into operation on 1 June 2019]

9. Allowance in respect of fugitive emissions

A taxpayer that conducts an activity that is listed in Schedule 2 in the column “Activity/Sector” must receive an allowance in respect of fugitive emissions equal to 10 per cent of the total greenhouse gas emissions in respect of the tax period in respect of that activity.

[S. 9 substituted by s. 96 of Act 34/2019 deemed to have come into operation on 1 June 2019]

10. Trade exposure allowance

A taxpayer that is liable for the carbon tax in respect of greenhouse gas emissions must receive an allowance up to a maximum of ten per cent in respect of trade exposure as measured by value of exports plus imports divided by the total production by sector or subsector that must be determined in a manner prescribed by the Minister by regulation.

11. Performance allowance

- (1) A taxpayer that has implemented measures to reduce the greenhouse gas emissions of that taxpayer in respect of a tax period must receive an allowance in respect of that tax period not exceeding five per cent of the total greenhouse gas emissions of that taxpayer during that tax period, determined in accordance with the formula:

$$Z = (A / B - C) \times D$$

in which formula-

- (a) “Z” represents the percentage to be determined that must not be less than zero;
- (b) “A” represents-
 - (i) the sector or sub-sector greenhouse gas emissions intensity benchmark as prescribed by the Minister; or
 - (ii) where no value is prescribed as required by subparagraph (i), the number zero;
- (c) “B” represents the measured and verified greenhouse gas emissions intensity of a taxpayer in respect of a tax period;

- (d) “C” represents the number one; and
- (e) “D” represents the number 100.

(2) For the purposes of this section “**measures**” include action taken to reduce greenhouse gas emissions in respect of a tax period.

12. Carbon budget allowance

- (1) Subject to subsection (2), a taxpayer that conducts an activity that is listed in Schedule 2 in the column ‘Activity/Sector’, and participates in the carbon budget system from 1 January 2021 to 31 December 2024, must receive an additional allowance of five per cent of the total greenhouse gas emissions in respect of a tax period.

[Subs. (1) substituted by s. 64 of Act 20/2021 w.e.f. 1 January 2021 and s. 66(1) deemed w.e.f. 1 January 2023]

- (2) A taxpayer must only receive the allowance as contemplated in subsection (1) if the Department of Environmental Affairs confirms in writing that that taxpayer is participating in the carbon budget system as referred to in subsection (1).

13. Offset allowance

- (1) Subject to subsection (2), a taxpayer may reduce the amount in respect of the carbon tax for which the taxpayer is liable in respect of a tax period by utilising carbon offsets as prescribed by the Minister.

[Subs. (1) substituted by s. 97 of Act 34/2019 deemed to have come into operation on 1 June 2019]

- (2) The reduction of the liability for the carbon tax allowed in terms of subsection (1) must not exceed so much of the percentage of the total greenhouse gas emissions of a taxpayer in respect of a tax period as is determined by matching the line in the column “Activity/Sector” with the percentage in the corresponding line of the column “Offsets allowance %” in Schedule 2.

PART III

LIMITATION OF ALLOWANCES

14. Limitation of sum of allowances

A taxpayer, other than a taxpayer in respect of which the maximum total allowance stipulated Schedule 2 constitutes 100 per cent, must only receive the sum of the allowances contemplated in Part II in respect of a tax period to the extent that the sum of those allowances does not exceed 95 per cent of the total greenhouse gas emissions of that taxpayer in respect of that tax period as determined in terms of the column “Maximum total allowances %” in Schedule 2.

PART IV

ADMINISTRATION, TAX PERIOD AND PAYMENT OF TAX

15. Administration

- (1) The Commissioner must administer the provisions of this Act as if the carbon tax were an environmental levy as contemplated in section 54A of the Customs and Excise Act, 1964 (Act No. 91 of 1964), that must be collected and paid in terms of the provisions of that Act.
- (2) For the purposes of subsection (1), administrative actions, requirements and procedures for purposes of submission and verification of accounts, collection and payment of the carbon tax as an environmental levy or the performance of any duty, power or obligation or the exercise of any right in terms of this Act are, to the extent not regulated in this Act, regulated by the Customs and Excise Act, 1964.

16. Tax period

- (1) A taxpayer must pay the carbon tax for every tax period.
- (2) A tax period in relation to a taxpayer is-
 - (a) commencing on 1 June 2019 and ending on 31 December 2019; and
 - (b) subsequent to the period contemplated in paragraph (a), the period commencing on 1 January of each year and ending on 31 December of that year.

17. Payment of tax

A taxpayer must submit yearly environmental levy accounts and payments as prescribed by rule in terms of the Customs and Excise Act, 1964 (Act No. 91 of 1964), for every tax period.

PART V

MISCELLANEOUS

18. Reporting

Despite Chapter 6 of the Tax Administration Act, the Commissioner must annually submit to the Minister a report, in the form and manner that the Minister may prescribe, within six months from the date of submission of environmental levy accounts and payments contemplated in section 17 advising the Minister in respect of that tax period of-

- (a) the total amount of greenhouse gas emissions reported in respect of which taxpayers are liable for the carbon tax; and
- (b) the amount of carbon tax collected.

19. Regulations

The Minister must make regulations in respect of-

- (a) the sector or sub-sector greenhouse gas emissions intensity benchmark for the purposes of symbol “A” in section 11(1);
- (b) the manner of determining the amount of the trade exposure allowance contemplated in section 10; and
- (c) carbon offsets contemplated in section 13 regarding-
 - (i) the projects or activities in respect of which an offset is generated;
 - (ii) the limitation on the carbon offset allowance;
 - (iii) offset duration periods;
 - (iv) the institution, board or body that must administer the offset allowance;
 - (v) the powers and responsibilities of the institution, board or body contemplated in subparagraph (iv);
 - (iv) the procedure that must be followed in claiming the offset allowance;
 - (vi) the records that must be kept in respect of administering the offset allowance; and
 - (vii) any other matter necessary for the regulation of the utilisation of the carbon offsets.

20. Amendment of laws

The Customs and Excise Act, 1964 (Act No. 91 of 1964), is hereby amended to the extent set out in Schedule 3.

21. Short title and commencement

This Act is called the Carbon Tax Act 2019, and comes into operation on 1 June 2019.

SCHEDULE 1

TABLE 1

FUEL COMBUSTION EMISSION FACTORS

[Table 1 substituted by s. 98 of Act 34/2019 and s. 63(1)(a) deemed w.e.f. 1 January 2024]

TABLE 2

FUGITIVE EMISSION FACTORS

[Table 2 substituted by s. 99 of Act 34/2019 and s. 67(1) of Act 17/2023 deemed w.e.f. 1 June 2019]

[Table 2 substituted by s. 63(1)(b) of Act 42/2024 deemed w.e.f. 1 January 2024 as far as it relates to: IPCC Codes 1B1cii (Charcoal production), 1B1ciii (Biochar production), 1B1ci (Coke production), 1B1civ (Coal to Liquids – Syngas; Coal to Liquids – Syngas/H₂; Coal to Liquids – SNG synthetic natural gas, and Gas to liquids), 1.B.2.a.i (Loading Off-Shore Production On Tanker Ships – Without VRU – All; Loading Off-Shore Production On Tanker Ships – With VRU – All), and 1.B.2.a.iii.4 (All, the factors include fugitive equipment leaks, flaring, storage of crude oil, handling and calcination)

[Remainder of the amendments to Table 2 by s. 63(1)(b) of Act 42/2024 deemed w.e.f. 1 June 2019]

TABLE 3

INDUSTRIAL PROCESSES AND PRODUCT USE (IPPU) EMISSION FACTORS

SCHEDULE 2

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
1	Energy									
1A	Fuel Combustion Activities									
1A1	Energy Industries (including heat and electricity recovery from Waste)									
1A1a	Main Activity Electricity and Heat Production (including Combined Heat and Power Plants)	10 MW(th)	60	0	0	10	5	5	10	90
1A1b	Petroleum Refining	10 MW(th)	60	0	0	10	5	5	10	90
1A1c	Manufacture of Solid Fuels and Other	10 MW(th)	60	0	0	10	5	5	10	90

	Energy Industries									
1A2	Manufacturing Industries and Construction (including heat and electricity recovery from Waste)		60	0	0	10	5	5	10	90
1A2a	Iron and Steel	10 MW(th)	60	0	0	10	5	5	10	90
1A2b	Non-Ferrous Metals	10 MW(th)	60	0	0	10	5	5	10	90
1A2c	Chemicals	10 MW(th)	60	0	0	10	5	5	10	90
1A2d	Pulp, Paper and Print	10 MW(th)	60	0	0	10	5	5	10	90
1A2e	Food Processing, Beverages and Tobacco	10 MW(th)	60	0	0	10	5	5	10	90
1A2f	Non-Metallic Minerals	10 MW(th)	60	0	0	10	5	5	10	90
1A2g	Transport Equipment	10 MW(th)	60	0	0	10	5	5	10	90
1A2h	Machinery	10 MW(th)	60	0	0	10	5	5	10	90
1A2i	Mining and Quarrying	10 MW(th)	60	0	0	10	5	5	10	90
1A2j	Wood and Wood Products	10 MW(th)	60	0	0	10	5	5	10	90
1A2k	Construction	10 MW(th)	60	0	0	10	5	5	10	90
1A2l	Textile and Leather	10 MW(th)	60	0	0	10	5	5	10	90
1A2m	Brick manufacturing:	1 million bricks a month	60	0	0	10	5	5	10	90
1A2n	Manufacture of ceramic products by firing in particular roofing tiles, tiles, stoneware or porcelain	5 tonnes of production per day	60	0	0	10	5	5	10	90
1A3	Transport									
1A3a	Domestic Aviation	100 000 litres/year	75	0	0	0	5	5	10	95
1A3b	Road Transportation	N/A	75	0	0	0	0	5	10	90
1A3c	Railways	100 000 litres/year	75	0	0	0	0	5	10	90
1A3d	Water-borne Navigation	100 000 litres/year	75	0	0	0	0	5	10	90
1A3e	Other Transportation	N/A	75	0	0	0	0	5	10	90
1A4	Other Sectors (including heat and electricity recovery from Waste)									

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
1A4a	Commercial/Institutional	10 MW(th)	60	0	0	10	5	5	10	90
1A4b	Residential	10 MW(th)	100	0	0	0	0	0	0	100
1A4c	Agriculture/Forestry/Fishing/Fish Farms	10 MW(th)	60	0	0	10	5	5	10	90
1A5	Non-Specified (including heat and electricity recovery from Waste)									
1A5a	Stationary	10 MW(th)	60	0	0	10	5	5	10	90
1A5b	Mobile	N/A	60	0	0	10	5	5	10	90
1A5c	Multilateral Operations	N/A	60	0	0	10	5	5	10	90
1B	Fugitive Emissions from Fuels									
1B1	Solid Fuels									
1B1a	Coal Mining and Handling	None	60	0	10	10	5	5	5	95
1B1ai	Underground mines including flaring of drained methane (excluding abandoned mines)	none	60	0	10	10	5	5	5	95

1B1aii	Surface mines	none	60	0	10	10	5	5	5	95
1B1b	Uncontrolled Combustion, Burning Coal Dumps and	N/A	100	0	0	0	0	0	0	100
1B1c	Solid Fuel Transformation									
1B1c1	Coke production processes	none	60	0	10	10	5	5	5	95
1B1c2	Charcoal production processes	none	60	0	10	10	5	5	5	95
1B1c3	Any other solid fuel transformation involving fossil and organic carbon based fuels (e.g. biofuel productions)	none	60	0	10	10	5	5	5	95
1B1civ	Coal to liquids									
1B1civ	Coal to liquids – syngas	none	60	0	10	10	5	5	5	95
1B1civ	Coal to liquids – syngas (H ₂)	none	60	0	10	10	5	5	5	95
1B1civ	Coal to liquids – SNG (synthetic natural gas)	none	60	0	10	10	5	5	5	95
1B1civ	Gas to liquids (Tonne Ghg/Tj Natural Gas Input)	none	60	0	10	10	5	5	5	95
1B2	Oil and Natural Gas									
1B2a	Oil	none	60	0	10	10	5	5	5	95
1B2ai	Venting	none	60	0	10	10	5	5	5	95
1B2aii	Flaring	none	60	0	10	10	5	5	5	95
1B2aiii	All other	none	60	0	10	10	5	5	5	95
1B2b	Natural Gas	none	60	0	10	10	5	5	5	95
1B2bi	Venting	none	60	0	10	10	5	5	5	95
1B2bii	Flaring	none	60	0	10	10	5	5	5	95
1B2biii	All other	none	60	0	10	10	5	5	5	95
1B3	Other Emissions from Energy Production									
1B3a	Coal-to-liquids processes	none	60	0	10	10	5	5	5	95
1B3b	Gas-to-liquids processes	none	60	0	10	10	5	5	5	95

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
1B3c	Gas-to-chemicals processes	none	60	0	10	10	5	5	5	95
1C	Carbon Dioxide Transport and Storage									
1C1	Transport of CO ₂	none	60	0	10	10	5	5	5	95
1C1a	Pipelines	10 000 tons CO ₂ /year	60	0	10	10	5	5	5	95
1C1b	Ships	10 000 tons CO ₂ /year	60	0	10	10	5	5	5	95
1C1c	Other (please specify)	10 000 tons CO ₂ /year	60	0	10	10	5	5	5	95
1C2	Injection and Storage									
1C2a	Injection	10 000 tons CO ₂ /year	60	0	10	10	5	5	5	95
1C2b	Storage	10 000 tons CO ₂ /year	60	0	10	10	5	5	5	95
1C3	Other	N/A	60	0	10	10	5	5	5	95
2	INDUSTRIAL PROCESSES AND PRODUCT USE									
2A	Mineral Industry									
2A1	Cement Production	none	0	70	0	10	5	5	5	95
2A2	Lime Production	none	0	70	0	10	5	5	5	95
2A3	Glass Production	none	0	70	0	10	5	5	5	95
2A4	Other Process Uses of Carbonates		0	70	0	10	5	5	5	95
2A4a	Ceramics	50 tonnes of production a	0	70	0	10	5	5	5	95

		month								
2A4b	Other Uses of Soda Ash	50 tonnes of production a month	0	70	0	10	5	5	5	95
2A4c	Non Metallurgical Magnesia Production	none	0	70	0	10	5	5	5	95
2A4d	Other (please specify)	20 tonnes of production a month	0	70	0	10	5	5	5	95
2A5	Other (please specify)	N/A	60	0	0	10	5	5	10	90
2B	Chemical Industry									
2B1	Ammonia Production	none	0	70	0	10	5	5	5	95
2B2	Nitric Acid Production	none	0	70	0	10	5	5	5	95
2B3	Adipic Acid Production	none	0	70	0	10	5	5	5	95
2B4	Caprolactam, Glyoxal and Glyoxylic Acid Production	none	0	70	0	10	5	5	5	95
2B5	Carbide Production	none	0	70	0	10	5	5	5	95
2B6	Titanium Dioxide Production	none	0	70	0	10	5	5	5	95
2B7	Soda Ash Production	none	0	70	0	10	5	5	5	95
2B8	Petrochemical and Carbon Black Production									
2B8a	Methanol	none	0	70	0	10	5	5	5	95
2B8b	Ethylene	none	0	70	0	10	5	5	5	95

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
2B8c	Ethylene Dichloride and Vinyl Chloride Monomer	none	0	70	0	10	5	5	5	95
2B8d	Ethylene Oxide	none	0	70	0	10	5	5	5	95
2B8e	Acrylonitrile	none	0	70	0	10	5	5	5	95
2B8f	Carbon Black	none	0	70	0	10	5	5	5	95
2B8g	Hydrogen Production	none	0	70	0	10	5	5	5	95
2B9	Fluorochemical Production									
2B9a	By-product Emissions	none	0	70	0	10	5	5	5	95
2B9b	Fugitive Emissions	none	0	70	0	10	5	5	5	95
2B10	Other (Please specify)	20 tonnes of production a month	0	70	0	10	5	5	5	95
2C	Metal Industry									
2C1	Iron and Steel Production	none	0	70	0	10	5	5	5	95
2C2	Ferroalloys Production	none	0	70	0	10	5	5	5	95
2C3	Aluminium Production	none	0	70	0	10	5	5	5	95
2C4	Magnesium Production	none	0	70	0	10	5	5	5	95
2C5	Lead Production	none	0	70	0	10	5	5	5	95
2C6	Zinc Production	none	0	70	0	10	5	5	5	95
2C7	Other (please specify)	50 tonnes of production a month	0	60	0	10	5	5	10	90
2D	Non-Energy Products from Fuels and Solvent Use									
2D1	Lubricant Use	N/A	0	60	0	10	5	5	10	90
2D2	Paraffin Wax Use	N/A	0	60	0	10	5	5	10	90
2D3	Solvent Use	N/A	0	60	0	10	5	5	10	90
2D4	Other (please specify)	N/A	0	60	0	10	5	5	10	90
2E	Electronics Industry									
2E.1	Integrated Circuit or Semiconductor	N/A	0	60	0	10	5	5	10	90
2E.2	TFT Flat Panel Display	N/A	0	60	0	10	5	5	10	90
2E.3	Photovoltaics	N/A	0	60	0	10	5	5	10	90
2E.4	Heat Transfer Fluid	N/A	0	60	0	10	5	5	10	90
2E.5	Other (please specify)	N/A	0	60	0	10	5	5	10	90
2F	Product Uses as Substitutes for Ozone Depleting Substances									
2F1	Refrigeration and Air Conditioning									
2F1a	Refrigeration and Stationary Air Conditioning	N/A	0	60	0	10	5	5	10	90

2F1b	Mobile Air Conditioning	N/A	0	60	0	10	5	5	10	90
2F2	Foam Blowing Agents	N/A	0	60	0	10	5	5	10	90

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
2F3	Fire Protection	N/A	0	60	0	10	5	5	10	90
2F4	Aerosols	N/A	0	60	0	10	5	5	10	90
2F5	Solvents	N/A	0	60	0	10	5	5	10	90
2F6	Other Applications (please specify)	N/A	0	60	0	10	5	5	10	90
2G	Other Product Manufacture and Use									
2G1	Electrical Equipment									
2G1a	Manufacture of Electrical Equipment	N/A	0	60	0	10	5	5	10	90
2G1b	Use of Electrical Equipment	50 kilograms of production per year	0	60	0	10	5	5	10	90
2G1c	Disposal of Electrical Equipment		0	60	0	10	5	5	10	90
2G2	SF6 and PFCs from Other Product Uses	N/A								
2G2a	Military Applications	N/A	0	60	0	10	5	5	10	90
2G2b	Accelerators	N/A	0	60	0	10	5	5	10	90
2G2c	Other (please specify)	N/A	0	60	0	10	5	5	10	90
2G3	N2O from Product Uses	N/A								
2G3a	Medical Applications	N/A	0	60	0	10	5	5	10	90
2G3b	Propellant for Pressure and Aerosol Products	N/A	0	60	0	10	5	5	10	90
2G3c	Other (Please specify)	N/A	0	60	0	10	5	5	10	90
2G4	Other (Please specify)	N/A	0	60	0	10	5	5	10	90
2H	Other									
2H1	Pulp and Paper Industry	N/A	0	60	0	10	5	5	10	90
2H2	Food and Beverages Industry	N/A	0	60	0	10	5	5	10	90
2H3	Other (please specify)	N/A	0	60	0	10	5	5	10	90
3	AGRICULTURE, FORESTRY, AND OTHER LAND USE									
3A	Livestock									
3A1	Enteric Fermentation									
3A1a	Cattle	N/A	100	0	0	0	0	0	0	100
3A1b	Buffalo	N/A	100	0	0	0	0	0	0	100
3A1c	Sheep	N/A	100	0	0	0	0	0	0	100
3A1d	Goats	N/A	100	0	0	0	0	0	0	100
3A1e	Camels	N/A	100	0	0	0	0	0	0	100
3A1f	Horses	N/A	100	0	0	0	0	0	0	100
3A1g	Mules and Asses	N/A	100	0	0	0	0	0	0	100
3A1h	Swine	N/A	100	0	0	0	0	0	0	100
3A1j	Other (please specify)	N/A	100	0	0	0	0	0	0	100
3A2	Manure Management									
3A2a	Cattle	N/A	100	0	0	0	0	0	0	100

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
3A2b	Buffalo	N/A	100	0	0	0	0	0	0	100
3A2c	Sheep	N/A	100	0	0	0	0	0	0	100
3A2d	Goats	N/A	100	0	0	0	0	0	0	100
3A2e	Camels	N/A	100	0	0	0	0	0	0	100
3A2f	Horses	N/A	100	0	0	0	0	0	0	100
3A2g	Mules and Asses	N/A	100	0	0	0	0	0	0	100
3A2h	Swine	N/A	100	0	0	0	0	0	0	100
3A2i	Poultry	40 000 places for poultry	100	0	0	0	0	0	0	100
3A2j	Other (please specify)	N/A	100	0	0	0	0	0	0	100
3B	Land									
3B1	Forest Land									
3B1a	Forest land Remaining Forest Land	100 Hectares of Plantations or Natural forests	100	0	0	0	0	0	0	100
3B1b	Land Converted to Forest Land	100	100	0	0	0	0	0	0	100

		Hectares of Plantations or Natural forests								
3B2	Cropland									
3B2a	Cropland Remaining Cropland	N/A	100	0	0	0	0	0	0	100
3B2b	Land Converted to Cropland	N/A	100	0	0	0	0	0	0	100
3B3	Grassland									
3B3a	Grassland Remaining Grassland	N/A	100	0	0	0	0	0	0	100
3B3b	Land Converted to Grassland	N/A	100	0	0	0	0	0	0	100
3B4	Wetlands									
3B4a	Wetlands Remaining Wetlands	N/A	100	0	0	0	0	0	0	100
3B4b	Land Converted to Wetlands	N/A	100	0	0	0	0	0	0	100
3B5	Settlements									
3B5a	Settlements Remaining Settlements	N/A	100	0	0	0	0	0	0	100
3B5b	Land Converted to Settlements	N/A	100	0	0	0	0	0	0	100
3B6	Other Land									
3B6a	Other Land Remaining Other Land	N/A	100	0	0	0	0	0	0	100
3B6b	Land Converted to Other Land	N/A	100	0	0	0	0	0	0	100
3C	Aggregate Sources and Non-CO2 Emissions Sources on Land									
3C1	Emissions from Biomass Burning									
3C1a	Biomass Burning in Forest Lands	100 Hectares of plantations	100	0	0	0	0	0	0	100
3C1b	Biomass Burning in Croplands	N/A	100	0	0	0	0	0	0	1 00

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
3C1c	Biomass Burning in Grasslands	N/A	100	0	0	0	0	0	0	100
3C1d	Biomass Burning in All Other Land	N/A	100	0	0	0	0	0	0	100
3C2	Liming	N/A	100	0	0	0	0	0	0	100
3C3	Urea Application	N/A	100	0	0	0	0	0	0	100
3C4	Direct N ₂ O Emissions from Managed Soils	100 Hectares of plantations	100	0	0	0	0	0	0	100
3C5	Indirect N ₂ O Emissions from Managed Soils	100 Hectares of plantations	100	0	0	0	0	0	0	100
3C6	Indirect N ₂ O Emissions from Manure Management	N/A	100	0	0	0	0	0	0	100
3C7	Rice Cultivations	N/A	100	0	0	0	0	0	0	100
3C8	Other (please specify)	N/A	100	0	0	0	0	0	0	100
3D	Other									
3D1	Harvested Wood Products	Harvested Wood Products produced from timber harvested from forest owners registered for reporting under IPCC code 3B1a and 3B1b	100	0	0	0	0	0	0	100
3D2	Other (please specify)	N/A	100	0	0	0	0	0	0	100
4	WASTE									
4A	Solid Waste Disposal									
4A1	Managed Waste Disposal Sites	Receiving 5 tonnes per day or a total capacity of 25000 tonnes	100	0	0	0	0	0	0	100
4A2	Unmanaged Waste Disposal Sites	Receiving 5 tonnes per day or a total capacity of 25000 tonnes	100	0	0	0	0	0	0	100
4A3	Uncategorised Waste Disposal Sites	Receiving 5 tonnes per day or a total capacity of 25000 tonnes	100	0	0	0	0	0	0	100
4B	Biological Treatment of Solid Waste	N/A	100	0	0	0	0	0	0	100

4C	Incineration and Open Burning of Waste									
4C0	Waste — Pyrolysis	100 kg/hour	100	0	0	0	0	0	0	100
4C1	Waste Incineration	1 tonne per hour	60	0	0	10	5	5	10	90
4C2	Open Burning of Waste	N/A	100	0	0	0	0	0	0	100
4D	Wastewater Treatment and Discharge									
4D1	Domestic Wastewater Treatment and Discharge	2 Million litres/day	100	0	0	0	0	0	0	100

IPCC Code	Activity/Sector	Threshold	Basic tax-free allowance for fossil fuel combustion emissions %	Basic tax-free allowance for process emissions %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
4D2	Industrial Wastewater Treatment and Discharge	1000 cubic metres per day	100	0	0	0	0	0	0	100
4E	Other (please specify)	N/A								
5	OTHER									
5A	Indirect N ₂ O Emissions from the Atmospheric Deposition of Nitrogen in NO _x and NH ₃	N/A	60	0	0	10	5	5	10	90
5B	Other (please specify)	None	60	0	0	10	5	5	10	90

[Schedule 2 amended by s. 65 of Act 202/2021 deemed w.e.f. 1 January 2021 and s. 64(1) of Act 42/2024 deemed w.e.f. 1 January 2024]