



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

Media Statement

EMBARGO: IMMEDIATE RELEASE

Regulations for Energy Efficiency Savings

Pretoria 16 September 2011 – The Department of Energy has today released the Tax Allowance for Energy Efficiency Savings regulations for public comments.

These regulations provide for an allowance for energy efficiency savings. This stipulates that any company holding a certificate which proves the energy savings are genuine, may submit that certificate to SARS and claim the allowance. The regulations will be released for public comment for a period of sixty days from today.

National Treasury has in the past few years become increasingly concerned about the environment and to this end commissioned a report on environmental policies being pursued in government departments. Since that time it has been promoting policies directed at mitigating the impacts of climate change. As the major cause of greenhouse, gas is through the production and use of energy, the reduction of energy use will generally result in a reduction of greenhouse gas emissions.

One of the most common ways in which governments internationally influence energy and climate policy is through taxation, and the main instrument for this is the Income Tax Act of 1962. In 2009, Treasury introduced a number of measures, mainly in the form of tax allowances to promote investment towards environmental ends, to improve the technology, infrastructure and design employed by companies in the building of their facilities and plants.

Section 12L of the Income Tax Act specifies that the Department of Energy will write a regulation that specifies how the energy savings certificates will work and within which institutional framework.

These regulations are designed to enable the Section 12L of the Act to be accomplished. This is done through the establishment of an institutional framework and a methodology that includes the issuing of energy saving certificates and the issuing, on behalf of SABS, of a standard that will be employed for the Measurement and Verification of Energy Savings from projects undertaken by companies wishing to benefit from the tax allowance.

The energy savings have to be proven by means of a measurement and verification report undertaken by a body accredited by the South African National Accreditation System that is also registered with the South African National Energy Development Institute. This agency must first receive all applications from companies wishing to undertake all such energy savings projects before they can proceed.

The Income Tax Act stipulates that any company that has benefitted from the allowance may benefit from any other South African energy savings scheme in the same year.

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