KPMG

Tax and Legal News

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Although Carbon Tax has been effective since 1 June 2019, there has been a lag in SARS accepting registrations. The unexpected impact of COVID-19 has added to taxpayers' concerns that they will not be able to register timeously for this new tax.

Carbon Tax Registrations – Is SARS open for business?

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".

This month (March) SARS announced that its branches started accepting applications for registration for carbon tax in terms of the C&E Act as the requisite training of officials has been completed.

SARS Delays will not affect validity of documents

Many companies collated the necessary application documents well before March in order to meet their obligations in terms of the Carbon Tax Act No. 15 of 2019.

Amid companies' concerns that collated and submitted documents may no longer be valid once they are actually processed (due to FICA requirements), 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.

Recent (unexpected) turn of events

Following the outbreak of COVID-19 in South Africa, SARS issued a media statement on 17 March 2020, stating that they will be adhering to strict social distancing guidelines, which include discouraging taxpayers from going into SARS branches and advising that online digital channels be used instead. While these measures are

in place, if taxpayers are still required to visit a SARS branch, "*strict adherence to social distancing and general hygiene practices will be applied*".

SARS Customs officials have confirmed that they are (as at the date of this Tax and Legal Flash) still accepting manual applications in terms of the C&E Act.

How can KPMG help?

KPMG's Custom's Team provides assistance in relation to the application for registration of companies' manufacturing warehouses with SARS, which includes, *inter alia*:

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

KPMG is also continuing to correspond with SARS on the Carbon Tax registration application process, as well as on the impact that social distancing will have on this.

If you have any questions regarding the above, please contact a member of our Carbon Tax Team.

Contact us

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Regards
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