



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

PUBLICATION OF DISCUSSION DOCUMENTS FOR COMMENT ON: THE TAXATION OF ALCOHOLIC BEVERAGES; PHASE TWO OF THE CARBON TAX; AND THE TAX TREATMENT OF COLLECTIVE INVESTMENT SCHEMES

Taxation of alcoholic beverages

The National Treasury has published a policy review on the taxation of alcoholic beverages, which builds on the previous excise tax policy review in 2014 and proposes adjustments to the current policy framework.

The discussion document covers developments in the alcoholic beverages industry, including changes in the regulatory landscape, the prevalence of alcohol consumption, illicit trade in alcoholic beverages, international observations on alcohol taxation, the potential use of minimum unit pricing in the long term, and other administrative policy considerations in line with the concerns that have been raised by stakeholders.

With this publication, the National Treasury requests stakeholders to submit detailed written comments and proposals to assist government to further develop an appropriate excise policy framework to reduce the harmful use of alcohol. After the public consultation process is concluded, the draft proposals will be revised to consider public comments and announcements will be made in the 2025 Budget.

Please forward your written comments to 2024Alcoholreview@treasury.gov.za by close of business on **13 December 2024**.

Phase two of the carbon tax

South Africa has made commitments under the Paris Agreement to reduce emissions in the range of 398 to 510 million tonnes carbon dioxide equivalent (tCO₂e) by 2025 and 350 to 420 million tCO₂e by 2030, and to reach net zero emissions by 2050. The Nationally Determined Contributions (NDCs) set out policies and measures to achieve these mitigation goals and adapt to climate change, and the finance requirements to support the transition to a lower carbon climate resilient economy. Carbon tax is an integral part of the package of policy measures aimed at addressing climate change



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as recommended in the 2011 National Climate Change Response Policy and the 2012 National Development Plan.

In the 2024 Budget, government announced its intention to publish a carbon tax discussion paper for public comment. This paper puts forward proposals on phase two of the carbon tax design from 2026 to 2035 for consultation, considering South Africa's NDC commitments. The discussion document includes proposed adjustments to the basic tax-free allowance, carbon offsets, the electricity levy, the renewable energy premium and the energy efficiency savings tax incentive.

Stakeholders are invited to submit written comments on the draft proposals contained in this paper to carbontax@treasury.gov.za. After the public consultation process is concluded, the draft proposals will be revised to consider public comments and announcements will be made in the 2025 Budget. **The closing date for comments is close of business on 13 December 2024.**

The tax treatment of collective investment schemes

This discussion document stems from a statement in the 2020 Budget Review that National Treasury will undertake a review on the income tax treatment of amounts received by portfolios of collective investment schemes. In 2018, amendments were proposed in the Taxation Laws Amendment Bill to provide certainty on when these amounts should be treated as revenue instead of capital, which would impact the tax treatment of those amounts. After consultations, government opted to withdraw the proposed amendments to allow additional time to engage with industry to find solutions that will not negatively affect roleplayers.

This document investigates the policy considerations of the taxation of collective investment schemes under section 25BA of the Income Tax Act, 1962- and puts forward various policy options. Stakeholders are invited to submit written comments on the draft proposals contained in this paper to CIS-Tax@treasury.gov.za. After the public consultation process is concluded, the draft proposals will be revised to consider public comments and announcements will be made in the 2025 Budget. **The closing date for comments is close of business on 13 December 2024.**

Issued by National Treasury

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