



ENVIRONMENTAL LEVY ON CARBON DIOXIDE EMISSIONS ON NEW MOTOR VEHICLES MANUFACTURED IN SOUTH AFRICA

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1 PURPOSE

This policy relates to the commercial production chain of the environmental levy on carbon dioxide (CO₂) emissions by local manufacturers of new motor vehicles.

2 POLICY STATEMENT

2.1 Liability for levy

- a) An environmental levy is payable on certain locally manufactured motor vehicles which are manufactured in a Special Ad Valorem Manufacturing Warehouse (VS) as specified in items 151.01 and 151.02 in Schedule 1 Part 3D.
- b) The environmental levy is assessed and collected on the principles of "Duty at Source" (DAS).

2.2 Exclusions

The CO₂ emission levy **IS NOT** payable on new motor vehicles manufactured and cleared for home consumption for the purposes mentioned in Part 2 of Schedule 6 that are:

- a) Motor vehicles principally designed for the transport of physically disabled persons, adapted or to be adapted to be used for the transport of physically disabled persons;
- b) Motor cars and other motor vehicles, principally designed for the transport of persons, adapted or to be adapted to be driven solely by a physically disabled person; and
- c) Excisable goods (a new motor vehicle to which the environmental levy applies) cleared for use by diplomatic and other foreign representatives.

2.3 Test Report

- a) Every manufacturer of a new motor vehicle type, specified in environmental levy items 151.01 and 151.02 of part 3D of Schedule 1, must, in respect of the CO₂ emissions of such a vehicle type, obtain a test report from a testing laboratory.
- b) The relevant laboratory must be recognised by the National Regulator for Compulsory Specifications (NRCS).
- c) If it is not possible to keep the original report, the manufacturer must keep an original certified copy of such report for inspection purposes.

2.4 Assessment of the levy on CO₂ Emissions

2.4.1 Measure of levy quantity

The levy on CO₂ emissions will be assessed only on motor cars and other motor vehicles principally designed for the transport of persons (excluding those of heading 87.02) including station wagons and racing cars with a CO₂ emissions **level exceeding 95g/km** and on motor vehicles for the transport of goods with a CO₂ emission level exceeding **175g/km removed** for home consumption.

2.4.2 Rate of levy on CO₂ emissions

The rate of levy to be used for calculating the CO₂ emissions is the relevant rate of levy in terms of Section D of Part 3 of Schedule 1.

2.4.3 Calculation of levy on the CO₂ emissions (Test report available)

- a) The levy on the CO₂ emissions is calculated using the following formula:

CO₂ emission (the emissions total which exceeds the 95g/km and 175g/km thresholds respectively applicable x levy rate = Environmental levy payable

b) **Example:**

- i) If ten **(10)** passenger units, falling in the 95g/km category, are removed with CO₂ emissions of 150g/km each it means that the emissions level for each unit (95g/km) is exceeded by 55g/km on which the environmental levy must be paid as follows:
- A) Ten (10) Units x 55g/km.
- B) = 550g/km x R146.00 per g/km CO₂ emissions (environmental levy rate whichever is applicable to the specific item).
- C) = R80 300.00 (environmental levy due).

2.4.4 Calculation of levy on the CO₂ emissions (Test report not available)

- a) Where the manufacturer fails to obtain or submit a test report in respect of a new motor vehicle type upon request, the Commissioner must calculate the levy on the CO₂ emissions (only applicable to item 151.01) of such a vehicle type as follows:
- i) If the engine capacity **does not exceed** 3 000 cm³ - CO₂ emissions (g/km) -
- $$= 120 + (0.05 \times \text{engine capacity in cm}^3)$$
- $$= 120 + (0.05 \times 3\,000 \text{ cm}^3).$$
- $$= 120 + 150.$$
- $$= 270$$
- Levy payable**
- $$= (270 - 95\text{g/km}) \times \text{R}146.00$$
- $$= 175 \times \text{R}146.00$$
- $$= \text{R}25\,550.00; \text{ and}$$
- ii) If the engine capacity **exceeds** 3000 cm³ - CO₂ emissions (g/km) = 175 + (0.05 x engine capacity in cm³) -
- $$= 175 + (0.05 \times 3\,000 \text{ cm}^3).$$
- $$= 175 + 150.$$
- $$= 325.$$
- Levy payable**
- $$= (325 - 95\text{g/km}) \times \text{R}146.00$$
- $$= 230 \times \text{R}146.00$$
- $$= \text{R}33\,580.00$$
- b) Motor vehicles specified in item 151.02 of Part 3D of Schedule 1 - CO₂ emissions (g/km) = 195 + (0.07 x engine capacity in cm³).
- c) The method indicated in (i) and (ii) above should apply depending on the engine capacity.

3 REFERENCES

3.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Customs and Excise Act No. 91 of 1964: Sections 54A – 54D, 101 and 119A Customs and Excise Rules: 54FB.01 – 54FB.05, 101.01, 119A.R101A(10)(b), 119A.R101A(10)(d) and 119A.R101A(10)(f) Customs and Excise Tariff: Schedule 1 Parts 1, 3D and Schedule 6 Parts 2 and 4
Other Legislation:	Standards Act No. 29 of 1993: Section 22(1)(a)(ii)

Effective Date: 30 June 2025

TYPE OF REFERENCE	REFERENCE
	National Regulator for Compulsory Specification Act No.5 of 2008: Section 35(4)
International Instruments:	None

3.2 Cross References

DOCUMENT #	DOCUMENT TITLE
SE-ACC-07	Manage eAccounts on eFiling – External Guide
GEN-PAYM-01-G01	Payment Rules - External Guide
SC-CA-02	Internal Administrative Appeal - External Policy
SC-CC-26	Alternative Dispute Resolution – External Policy
SC-CF-04	Completion of Declarations – External Manual
SE-ACC-08	Declaration and Return Submission via e-Filing – External Guide
SE-ACC-05	Submission of Accounts / Returns – External Policy
SE-ADV-02	Ad Valorem Excise Duty - External Policy
SE-ADV-05-G01	Vehicles Adapted for persons with Physical Disabilities – External Guide
SE-BON-02	Bonds – External Policy
SE-CD-03-G01	DA 177 Environmental Levy Account for Carbon Dioxide Emission Levy – External Guide
SC-CF-19	Registration, Licensing and Accreditation – External Policy
SE-PAY-02	Prescribed Payment Rules – External Policy
SC-DT-C-13	Refunds and Drawbacks – External Policy
SC-DT-C-13	Refunds and Drawbacks - External Policy
SC-CR-A-09	Tariff Classification – External Policy

3.3 Quality Records

Number	Title
EXD 01	Excise Duty and Levy return
DA 177	Environmental Levy Account for Carbon Dioxide Emission Levy

4 DEFINITIONS AND ACRONYMS

Link for centralised definitions and acronyms: [Glossary A-M | South African Revenue Service \(sars.gov.za\)](https://sars.gov.za/glossary)