



ENVIRONMENTAL LEVY ON ELECTRICITY GENERATION

Effective Date: 31 July 2024

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1 PURPOSE

- a) The purpose of the policy is to explain the liability and the non liability of the electricity levy as specified under Schedule 1 Part 3 B.
- b) This policy applies to “Electricity” generators that generate electricity in South Africa (SA) from non-renewable energy sources as reflected in Note 4(d) of item 148.01 of Schedule 1 Part 3B.
- c) The policy also refers to generators of electricity through the co-generation process as regulated, **that are** liable to the environmental levy in the general notes of item 148.01 of the Schedule.

2 POLICY STATEMENT

2.1 Liability for levy

- a) An environmental levy is payable on locally generated electricity if it is generated according to the provisions and notes mentioned in item 148.01 of Schedule 1 Part 3B which also reflects the levy rate applicable.
- b) The levy is assessed and collected on the principles of Duty at Source (DAS).
- c) **For the purpose of item 148.01 in Part 3B of Schedule 1, the non liability for levy occurs when** electricity is generated under the following circumstances:
 - i) **Electricity generated by electricity generation plants with an installed capacity not exceeding five (5) MW;**
 - ii) Electricity generated from renewable sources;
 - iii) Electricity generated from co-generation **in terms of Note 5** by using:
 - A) Waste heat or energy from waste co-generation;
 - B) Combined heat and power co-generation; or
 - C) Renewable co-generation; **and**
 - iv) Electricity generated from:
 - A) Concentrated solar power; and
 - B) Non-renewable sources of which the energy input does not exceed 15% of the total energy input, over a calendar year.
- d) **In accordance to Note 2(d) and Note 5, a co-generation report prepared by an engineer, must be submitted to the Commissioner**
- e) **The report must be submitted in respect of the electricity generated from the sources used during each calendar year as contemplated in Rule 54FA.10.**
- f) **In addition to the above, every registrant / licensee must have:**
 - i) **Proper record keeping method, electronic or manual registers kept accordingly for the purpose of recording daily readings of the generated electricity in a manner as prescribed in Rule 54FA.08.**
 - ii) Have a back-up server to safeguard the storage of the electronic information. The back-up server needs to be installed in a fire-proof area or off-sight;

2.2 Assessment of electricity levy

a) Leviable Quantity

- i) The levy payable on electricity is assessed on the kW.h generated during an accounting period multiplied by the levy rate.

b) Rate of levy

- i) The rate of levy to be used for the purpose of calculation of the levy on electricity is the relevant rate of levy in terms of item 148.01 Schedule 1 Part 3B.
 ii) **This rate is applicable at the time the electricity is generated in a VM.**

c) Calculation of the levy

Example: 1 MW = 1000 KW
 =2083 (Megawatt hours) MW,h generated for (accounting period)
 =2083 x 1000 (equals 1 MW)
 =2 083 000 kW x 0.035c (Levy rate per hour)
 =R 72 905, 00.

3 REFERENCES

3.1 Legislation

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Customs and Excise Act. No. 91 of 1964: Sections 19, 27, 54E, 59A and Chapter VA and 119A Customs and Excise Rules: 19, 27, 54FA.01 to Rule 54FA.10, 59A.01(a), 119A.R101A(10)(d) and item 200.03 Customs and Excise Schedule: 1Part 3B Note 2, 4, 5 and 6
Other Legislation:	None
International Instruments:	None

3.2 Cross References

DOCUMENT NUMBER	DOCUMENT TITLE
SE-ACC-02-M01	eFiling Registration – External Manual
SE-ACC-02-M02	Declaration and Return Submission via eFiling – External Manual
SE-ACC-05	Submission of Accounts>Returns – External Policy
SC-CA-02	Internal Administrative Appeal – External Policy
SE-BON-02	Bonds – External Policy
SE-ELC-04	DA 176 Environmental Levy Account for Electricity Levy – External Guide
SC-CF-19	Registration Licensing and Accreditation – External
SE-PAY-02	Prescribed Payment Rules – External Policy
SC-DT-C-13	Refunds and Drawbacks – External Policy

3.3 Quality Records

NUMBER	TITLE
DA 176	Environmental Levy Account for Electricity Levy
EXD 01	Excise Duty and Levy Return

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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-a-m)