

Carbon tax is unavoidable, time to turn to analytics tools

As the 14th largest emitter of carbon dioxide in the world, South Africa has a pressing responsibility to drive a positive response to climate change by shifting to a lower-carbon economy.



Yasmine Mieriec, MD at 5inc

“Instead of resisting these developments, businesses should put aside their concern about the application and calculation of their carbon tax liability that arises from the Carbon Tax Act which came into effect on 1 June 2019, and put their attention into reducing their carbon output whilst tightening up their ‘value chain’ to optimise costs,” says Yasmine Mieriec, MD at 5inc.

Adds Francois du Plessis, operations director at EDS Systems, “Analytics tools can assist organisations by consolidating emissions data, factoring in the legislative allowances and deliver a tax liability amount payable. This significantly simplifies carbon tax liability calculations.”

Carbon tax is unavoidable, so what’s the big deal?

In order to achieve the goal of 33% reduction in emissions relative to the baseline by 2035, the Carbon Tax Act incentivises change by demanding that certain industries - like cement production, mining, fuel production and the like – pay a carbon tax if their activities result in emissions above a certain threshold.

“While there is no blanket tax on carbon emissions, the Carbon Tax Act envisages a phased approach to change - with two phases running from 2019 to the end of 2022, and onward,” Mieriec explains.



South Africa most coal-dependent of all G20 countries

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Carbon tax analytics tool: calculator with benefits

South African companies are advised to embrace a carbon-conscious mindset as soon as possible to fully utilise the first phase of the Act to reduce their emissions in order to effectively reduce their tax liability in the next. From 2023 onwards, the tax rate is likely to increase while the allowances fall away.

Du Plessis says that carbon tax liability analytics tools will enable industry players to have an accurate picture of their carbon footprint and visualise their emission sources. “This will support companies to comply by simplifying the process, giving them visibility of their financial standing from a carbon tax perspective across the entire organisation.”



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South African tools

Intended to reduce the administrative burden of compliance measurement and reporting, analytics tools are designed for local conditions taking into account all the relevant regulatory considerations and eliminating the guesswork from compliance.

Combined with the right human resources training, these tools can be the perfect vehicle for organisations to move beyond paying lip service to corporate social and environmental obligations of mandatory reporting.

"South African businesses should hasten to explore ways in which to understand their impact on the environment, explore alternative energy sources and examine all possible carbon reduction avenues," Du Plessis concludes.

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