

Carbon tax rate to increase to R144

Finance minister Enoch Godongwana says the carbon tax rate will be increased by R10 to R144 effective from 1 January 2022. He said this when he tabled his maiden Budget Speech today.



Source: [Pexels](#)

Godongwana said the structure of the economy will need to change to adapt to the needs of addressing climate change.

“As we reduce emissions, communities must not be left behind as production shifts to greener solutions. There are opportunities to access international finance to help pay for this just transition,” he said.

Carbon tax and carbon fuel levy set to increase

Godongwana added that the National Treasury is working with the new head of the Presidential Climate Finance Task Team on accessing these resources. The minister said that carbon tax is the main mechanism to ensure the country lowers its greenhouse emissions.

“The carbon tax rate will increase from R134 to R144, effective from 1 January 2022. As required by legislation, the carbon

fuel levy will increase by 1c to 9c per litre for petrol, and 10c per litre for diesel, from 6 April 2022,” Godongwana said, adding that the first phase of the carbon tax, with substantial allowances and electricity price neutrality, will be extended to 31 December 2025.



Call for government to be transparent about R106bn green energy loan

Tania Broughton 22 Feb 2022



“However, in line with our commitments at COP26, the carbon tax rate will be progressively increased every year to reach \$20 per tonne.

“In the second phase from 2026 onwards, the carbon tax rate will have larger annual increases to reach at least \$30 by 2030, and the allowances will rapidly fall away. We urge all our companies that have not already done so to develop plans to progressively reduce their emissions over the next 10 years, otherwise they will face these steep taxes,” he said.

Godongwana said South African exporters will also face overseas border taxes for carbon-intensive goods such as iron and steel, which will reduce their competitiveness.

For more, visit: <https://www.bizcommunity.com>