



SARS GUIDELINES RELATING TO THE SECTION 12L ENERGY EFFICIENCY TAX INCENTIVE

To all Stakeholders,

The South African Revenue Service (SARS) has issued guidance on the tax deduction available for energy-efficiency savings under section 12L of the country's Income Tax Act.

Section 12L allows taxpayers to claim a deduction for most forms of energy-efficiency savings that result from activities performed in the carrying on of any trade or in the production of income.

Section 12L became effective on November 1, 2013, and applies up to years of assessment ending before January 1, 2020. The deduction reduces a taxpayer's taxable income. It is not limited to the taxable income of a taxpayer, and can therefore create an assessed loss.

For years of assessment commencing on or after March 1, 2015, the deduction is calculated at ZAR0.95 per kilowatt hour of energy efficiency savings, (previously ZAR0.45 per kilowatt hour).

SARS points out that attention should be paid to the method of calculating the baseline at the beginning of the year of assessment and the energy savings in multi-year projects. Certificates also need to be obtained from the South African National Energy Development Institute (SANEDI), for each project and year of assessment.

Comments on the draft note are invited until March 18, 2016 and the draft is [attached](#) for easy reference.

Please feel free to circulate this request for comments to your networks, but **note** that all comments must be directed to SARS and not SANEDI.

I trust that you will find this in order and best regards,

Barry Bredenkamp
Senior Manager
Energy Efficiency & Corporate Communications



sanedi

South African National Energy
Development Institute.

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