2 vital tools for carbon tax compliance

By Eckart Zollner

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While businesses only need to calculate their liability and submit their carbon tax return once a year, compliance with the Carbon Tax Act itself is not a once-off accomplishment, nor is it as difficult to achieve as some organisations think. Rather, by using the right monitoring tools, such as a cloud-based carbon tax calculator along with practical strategies like pollution prevention plans and carbon budgets, organisations can track compliance and determine liability in an on-going manner. With a clear view of emissions across the organisation's value chain provided by carbon analytics tools, businesses can monitor their outputs and measure the effectiveness of their carbon reduction efforts in line with their goals in real-time.

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Compliance requires meaningful change

Calculating emissions to determine tax liability on an annual basis is not what the Carbon Tax Act intended. Instead, the Act aims to use carbon tax as a tool to bring about environmental awareness and urge behavioural change in the industry. It has been an effective tool in other countries, with Sweden reducing their greenhouse gas emissions by 26% while growing their economy by 78% between 1990 and 2017. In the same time frame, France cut emissions by 13% and grew its economy by 51%. As South Africans, meaningful change in both business mindset and operational processes is required in to play our part in averting climate change to preserve our planet for future generations.

South Africa has committed to achieving net-zero emissions by 2050. The Carbon Tax Act was introduced in 2019 and is being rolled out in three distinct phases. Whilst the first phase until 31 December 2022 has been introduced as a “soft phase”, subsequent phases are expected to have more stringent continuous requirements towards significant reductions in CO_2 emissions. To make a meaningful contribution in achieving a carbon-neutral economy, organisations need to take seriously their obligation to reduce emissions and examine greener approaches in their business. How can they do this when compliance seems like an abstract concept and the target of 2050 seems so far away? The type of change required for meaningful compliance starts with quantification.

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Meaningful change is measurable

Once the output is measured and tracked across the organisation’s value chain, it becomes possible to determine the carbon budget and to identify the necessary starting point for pollution prevention plans. A carbon budget evaluates the tolerable quantity of output that can be emitted over a specified period, while a pollution prevention plan details practical measures and processes that require change to reduce emissions over time. To do this, organisations must analyse their emissions continuously, set real-time goals and reduce emissions intensity at the required pace in order to stay within budget and achieve the desired results.

Technology provides the bigger picture

Such tracking and analysis are easier these days, thanks to technological advancements. Designed for local conditions, cloud-based carbon analytics tools give businesses the power to visualise emissions across the entire operational chain for the primary purpose of cleaning up their operations while calculating tax liability at the same time, considering offsets and allowances in the Act. The pressure is mounting for industries to meet their carbon tax obligations and reduce their environmental impact but saving the planet does not have to feel like an unattainable goal. With the ability to monitor their carbon footprint businesses will find it much easier to make meaningful changes required to achieve environmental goals and tax compliance.

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