Taxing Energy Use 2018

South Africa

This note describes the taxation of energy use in South Africa. It contains the country’s energy tax profiles, followed by country-specific information to complement the general discussion in Taxing Energy Use 2018 (OECD, 2018). The note contains four energy tax profiles for South Africa:

- Figure 1: Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass
- Figure 2: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and energy use from biomass
- Figure 3: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass
- Figure 4: Effective tax rates on energy in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass

The main insights from the second vintage of the Taxing Energy Use database, including a systematic comparison of patterns of the taxation of energy use across countries, sectors and fuels are available in Taxing Energy Use 2018 (OECD, 2018) at: http://oe.cd/TEU2018.
1. Energy tax profiles for South Africa

Figure 1. Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass.
Figure 2. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and carbon emissions from biomass.
Figure 3. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass.
Figure 4. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass.
2. Country-specific notes

This note describes the taxation of energy use in South Africa. It contains the country’s energy tax profiles, accompanied by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). Tax rates are those applicable in April 2015, energy use data are for 2014.

The data shown in the energy tax profiles is from the OECD’s *Taxing Energy Use* (TEU) Database. More detail on the TEU Database, the calculation of effective tax rates on energy use and the interpretation of the energy tax profiles can be found in *Taxing Energy Use 2018* (OECD, 2018).

**Energy and carbon taxes**

In South Africa, a range of taxes apply to oil products. The statutory rates at which these taxes apply differ across fuels and different users, as shown in the following table:

<table>
<thead>
<tr>
<th>Rate as at 1 April 2015 (ZAR cents per litre)</th>
<th>Gasoline</th>
<th>Diesel</th>
<th>LPG &amp; kerosene</th>
<th>Aviation fuels</th>
<th>Electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fuel Levy</td>
<td>255</td>
<td>255</td>
<td>240</td>
<td>240</td>
<td>-</td>
</tr>
<tr>
<td>Road Accident Fund Levy&lt;sup&gt;a&lt;/sup&gt;</td>
<td>154</td>
<td>154</td>
<td>154</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Customs and excise SACU pool</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Illuminating paraffin diesel marker&lt;sup&gt;b&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Pipeline Levy NERSA&lt;sup&gt;c&lt;/sup&gt;</td>
<td>0.15</td>
<td>0.15</td>
<td>0.15</td>
<td>0.15</td>
<td>-</td>
</tr>
<tr>
<td>Demand-side management levy</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Aviation fuel levy&lt;sup&gt;d&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.138</td>
</tr>
<tr>
<td>Environmental Levy on Electricity (per KWh)&lt;sup&gt;e&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.035</td>
</tr>
<tr>
<td>Total</td>
<td>413.15</td>
<td>423.15</td>
<td>398.16</td>
<td>244.26</td>
<td>148.16</td>
</tr>
</tbody>
</table>

*Notes:*  
<sup>a</sup> Revenues from the Road Accident Levy are used to compensate third party victims of motor vehicle accidents (Republic of South Africa Department of Energy, undated)  
<sup>b</sup> Revenues from this tax help finance expenses related to the mixing of illuminating paraffin and diesel (Republic of South Africa Department of Energy, undated).  
<sup>c</sup> Revenues from this levy help fund the Petroleum Pipelines Regulatory Authority (National Energy Regulator of South Africa, 2004).  
<sup>d</sup> Revenues from this levy help fund the Civil Aviation Authority.  
<sup>e</sup> Revenues generated from the Electricity Levy help fund the rehabilitation of road damage caused by the haulage of coal for electricity generation, as well as fund energy efficiency initiatives (Republic of South African National Treasury and the South African Revenue Service, 2015).

These taxes are included in the energy tax profiles of South Africa, but the tax on electricity output is only included when separately indicated (see below). Where more than one tax rate applies to an energy user or fuel, the energy tax profile shows their sum.
Effective tax rates on energy use for different fuels and users

The tax rates on different fuels and uses are linked to South Africa’s energy use to calculate effective tax rates on energy use (in ZAR/TJ and EUR/TJ) or CO₂ emissions from energy use (in ZAR/tCO₂ and EUR/tCO₂). Energy use and the CO₂ emissions associated with it are shown for six economic sectors: road transport, domestic offroad transport, industry, agriculture and fishing, residential and commercial, and electricity.

The South African energy tax profiles (Figures 1 and 2) show effective tax rates for different fuels and uses in terms of the fuels’ energy and carbon content, respectively. Figures 1 and 2 include energy use and carbon emissions from biomass and they show output taxes on electricity. Figure 3 is identical to Figure 2, except that taxes on electricity output are excluded. Figure 4 excludes carbon emissions from biomass and taxes on electricity output.

- Of the six economic sectors, the road sector is taxed at the highest rates, both in terms of the fuels’ energy and carbon content. Within the road sector, gasoline is taxed at the highest effective tax rate, diesel is taxed at a lower effective rate in terms of TJ and in terms of CO₂. Kerosene for road use is taxed at a substantially lower statutory and effective rate than gasoline and diesel. Natural gas and fuel oil are untaxed.

- Fossil fuels used in the off-road sector are taxed at lower statutory and effective rates than gasoline and diesel for road use. Diesel used for rail transport and for domestic navigation benefits from a lower statutory rate than diesel for road use.

- Gasoline, diesel and kerosene used in the industry, the residential and commercial and the agriculture and fishing sector are taxed. Diesel used for mining activities, as well as for agriculture and fishing activities benefits from a reduced statutory rate compared to the general rate. Coal and coke products and natural gas used as fuels for heating and processing are not taxed.

- Electricity output is taxed when generated from fossil fuels. Diesel used to generate electricity is taxed and benefits from a lower statutory rate.

Reported tax expenditures and rebates

The following tax expenditure is included in the Taxing Energy Use data for South Africa:

- A Diesel Refund System provides partial refunds on diesel consumed in rail transport, for agriculture and forestry activities, for mining activities, and for domestic navigation and fishing activities, as well as diesel used for electricity generation.

---

1. Data on energy use is taken from the IEA’s Extended World Energy Balances, see Chapter 1 of Taxing Energy Use 2018 (OECD, 2018) for additional detail.
Sources

The main insights from the second vintage of the Taxing Energy Use database are analysed in:


Apart from the sources included in OECD (2018), the following country-specific sources were used:

