

# CARBON TAX

An emission tax designed to get firms to internalize the negative externalities only imposed on society i.e. production of emission from factories using fossil fuels that contribute to extensive droughts, flooding and rising sea levels.



Effective carbon tax rate will be between

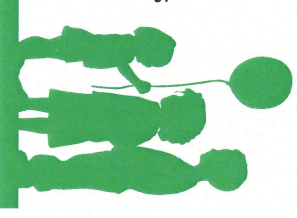
**R6 - R48** /tCO<sub>2e</sub>

once the tax free allowances are taken into account.

The tax will have no net impact on electricity prices until 2020.

## WHO WILL BE AFFECTED?

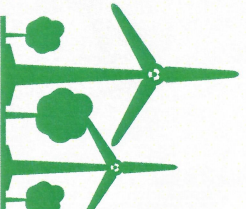
Industry | Business | Citizens



South Africa as a developing economy has ratified the Paris Agreement which requires sizable reductions in energy-greenhouse gas emissions in large emitters, including in developing economies.

## WHY?

It is a cost effective instrument, as part of a package of measures, to nudge our economy onto a more sustainable growth path.



## SO WHAT?

The simulations suggest that the introduction of carbon tax would lead to estimated decrease in emissions in South Africa of...

**13% TO 14.5% BY 2025**  
**& 26% TO 33% BY 2035.**

This will also lead to a reduction in local air pollution and restructuring of the SA economy to being less emissions intensive.



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

