1. **Report of the Standing Committee on Finance on the Customs and Excise Amendment Bill [B 3 – 2019], dated 21 February 2019.**

The Standing Committee on Finance, having considered and examined the ***Customs and Excise Amendment Bill [B 3 – 2019***] (National Assembly- section 75) referred to it, reports as follows:

1. **Process**

The Draft Carbon Tax Bill was submitted to Parliament in August 2017, and included in the Draft Bill were the provisions in this Customs and Excise Amendment Bill. Although the Carbon Tax Bill, as a Money Bill, was referred only to the Standing Committee on Finance (Scof), the Committee decided to process it jointly with the Portfolio Committee on Environmental Affairs (Pcea) until the formal voting stages.

Public Hearings on the Bill were held on 14 March 2018. Meetings on the 2017 draft Bill and 2018 tabled Bill were also held on 13 February, 7 June, 27 November, 4 December, 5 December 2018 and 5 February 2019.

1. **Background to the Bill**

Part IV of the Carbon Tax Bill makes provision for the administration of the Carbon Tax through the Customs and Excise Act. When the second Draft Carbon Tax Bill was published for public comment in December 2017, Schedule 3 of the Carbon Tax Bill included an amendment to the Customs and Excise Act by inserting section 54AA, which specifically makes provision for the administration and collection of carbon tax.

In the process of certifying the 2018 Carbon Tax Bill, the State Law Advisors recommended that Section 54AA dealing with the administration and collection of Carbon Tax should be removed from the Carbon Tax Bill as the Carbon Tax Bill is a money Bill in terms of section 77 of the Constitution and this clause deals with the administration of Carbon Tax and falls under section 75 of the Constitution.

As a result, a separate amendment dealing with section 54AA, which follows the process of amending ordinary Bills not affecting provinces (section 75 of the Constitution) was proposed in the Customs and Excise Act. The process is the same in respect of Bills dealing with the administration of taxes as opposed to Bills imposing or removing taxes.

This amendment was discussed on 4 December 2018.

On 5 February 2019, the Committee voted informally on the Bill, as the classification of the Bill by the Joint Tagging Mechanism (JTM) was not finalised yet. The Bill was formally referred to the Committee on Thursday, 14 February 2019, and classified as a section 75 Bill by the JTM.

1. **Purpose of the Amendment** 
   1. **Administration**
      * + The amendment inserts a new section in the Customs and Excise Act for the purposes of administration and collection of carbon tax revenues.

* This new section facilitates the administering of allowances as rebates, where the emissions occur.
  1. **Licensing of Premises**
* The amendment makes provision for the taxpayer to license premises where the emissions occur.
  1. **Confer powers on Commissioner to prescribe rules**
* The amendment makes provision for the SARS Commissioner to make necessary rules to regulate duties, powers and rights in relation to the collection and payment of Carbon Tax

Report to be considered

The DA reserves its right.