Deloitte.

Global Investment and Innovation Incentives (Gi³) – Supporting your roadmap to Decarbonisation

Deloitte research* indicates that companies are experiencing pressure from investors and stakeholders to do more about climate change, be accountable, and to achieve stated environmental goals. Firms are setting net-zero emissions targets at a rapid pace, but the strategies, technologies and the knowledge on how to decarbonise, are still in its infancy. Deloitte's highly skilled Gi³ team supports a practical, value-orientated approach to decarbonisation. The Gi³ teams starts simply by focusing on the quantification and reporting requirements associated with greenhouse gas (GHG) emissions, then moves to enhancing the feasibility of mitigation actions through the use of incentives and finally organically integrates decarbonisation into your business processes.

What is your organisation's plan for decarbonisation?



What do your stakeholders expect?



How do you minimise the risk and maximise the benefit to your business?



How do you achieve your targets, deliver on expectations and successfully adapt your business?

Carbon tax allowances

The Carbon Tax Act allows for up to 95% reduction in taxable emissions through the use of allowances associated with carbon budgets, emissions intensity benchmarks, trade exposure and carbon offsets.

Research and **Development**

Creative and innovative solutions will be required to reach intended targets. Section 11D allows for 150% tax deduction for R&D

Critical infrastructure

The Critical Infrastructure Programme grant allows for cost sharing on qualifying infrastructure. This includes up to 50% on projects that alleviate electrical/water dependency on the national grid. The grant is capped at

Energy efficiency

Energy efficiency (EE) interventions are the first step in decarbonisation. Section 12L presents an income tax deduction of R0.95/kWh for quantified EE



Enable

interventions

Analytics can identify and prioritise

areas of potential intervention. Incorporating the cost savings linked to carbon tax reduction with the impact of allowances and

incentives can make more interventions feasible.

Intelligence

0000

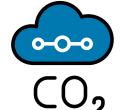
Making use of digital reporting technology to view and manage GHG emissions data, thereby enabling the integration of decarbonisation efforts into general business processes.





Integration







Carbon tax

Holistic evaluation of company structures, contracts and activities to identify areas liable to carbon tax.

Collection of data and supporting documents, quantification of results and administration of the South African Revenue Service licensing and reporting processes.



Minimise tax exposure, maximise benefit and support mitigation actions through allowances and incentive mechanisms.

Business ecosystem

Present taxes target direct emissions (Scope 1). However, companies can have significant exposure through indirect emissions and subsequent taxes through purchasing of electricity (Scope 2) and other services like logistics (Scope 3).

The development of pollution prevention or mitigation plans, energy efficiency, and decarbonisation roadmaps should therefore look at the full business ecosystem.

Focus should also not remain solely on local activities, but also incorporate international structures.



Understanding what operational and administrative actions are required for reporting GHG emissions to government institutions and stakeholders.



Mitigation

Analytics

Improve accuracy of GHG emissions results through developing approved methodologies for tier 3 reporting and sequestration calculations.

Understanding business emissions profile, develop appropriate benchmarks, baselines, budgets, mitigation plans, etc.

Monitor emissions performance against set budgets, targets or benchmarks and identify areas of risk/reward.



Contact us: Tumelo Marivate

Director: Deloitte Africa Tax & Legal Email: tmarivate@deloitte.co.za

Izak Swart

Director: Deloitte Africa Tax & Legal Email: iswart@deloitte.co.za

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 330,000 people make an impact that matters at

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities

© 2021, For information, contact Deloitte Touche Tohmatsu Limited.

Training



Assist personnel distinguish the "signal from the noise" through regular feedback workshops highlighting critical aspects required for a functional understanding of legislative mechanisms. Sharing practical guidance on industry best practices to ensure optimal use of company resources.



