



The 12L Tax Incentive **TURNING ENERGY EFFICIENCY INTO PROFIT**

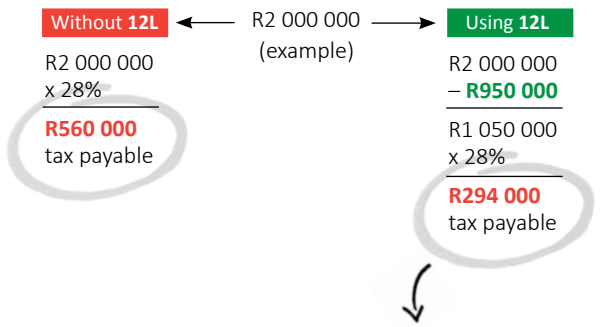
Example of 12L savings:

A business could save **R260 000** on its annual tax by saving **1 million kilowatt hours of energy**. See how in the example below, which can be used to calculate your own project's savings estimate:

Calculate tax incentive:

Verified savings:	1 000 000 kwh (example)
Incentive rate:	R0,95 per kwh
Tax incentive amount:	R950 000

Business annual net profit:



Money saved using 12L:

R560 000 – R294 000 = R260 000 SAVED
+ money saved on energy bills during the implementation of your project

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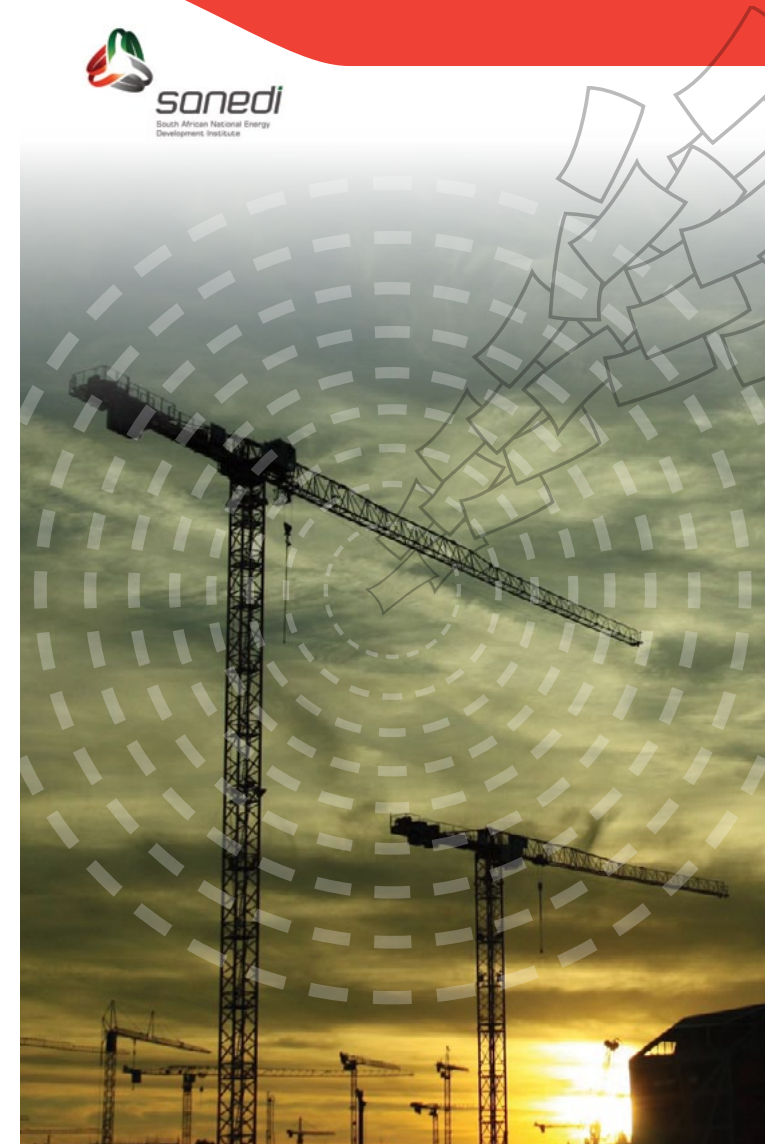
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What is the 12L tax incentive?

The 12L tax incentive offers tax reductions for energy efficiency in order to combat climate change and address South Africa's energy supply security.

Energy efficient organisations can claim a reduction on their year-end taxable income from the South African Revenue Service (SARS) based on energy saved during a year-long project.

Qualifying energy efficiency projects must **immediately before the project, and a measurement and verification (M&V) report after (at the applicant's own cost).**



Why apply for the 12L tax incentive?

The 12L tax incentive is an opportunity to improve business profits through reduced energy costs and tax reductions.

Is my business eligible?



- ?** Is your company a commercial business or trading entity?
- ?** Have you determined a baseline through an accredited measurement and verification body for the year preceding the project?
- ?** Does the energy efficiency project run for 12 consecutive months?

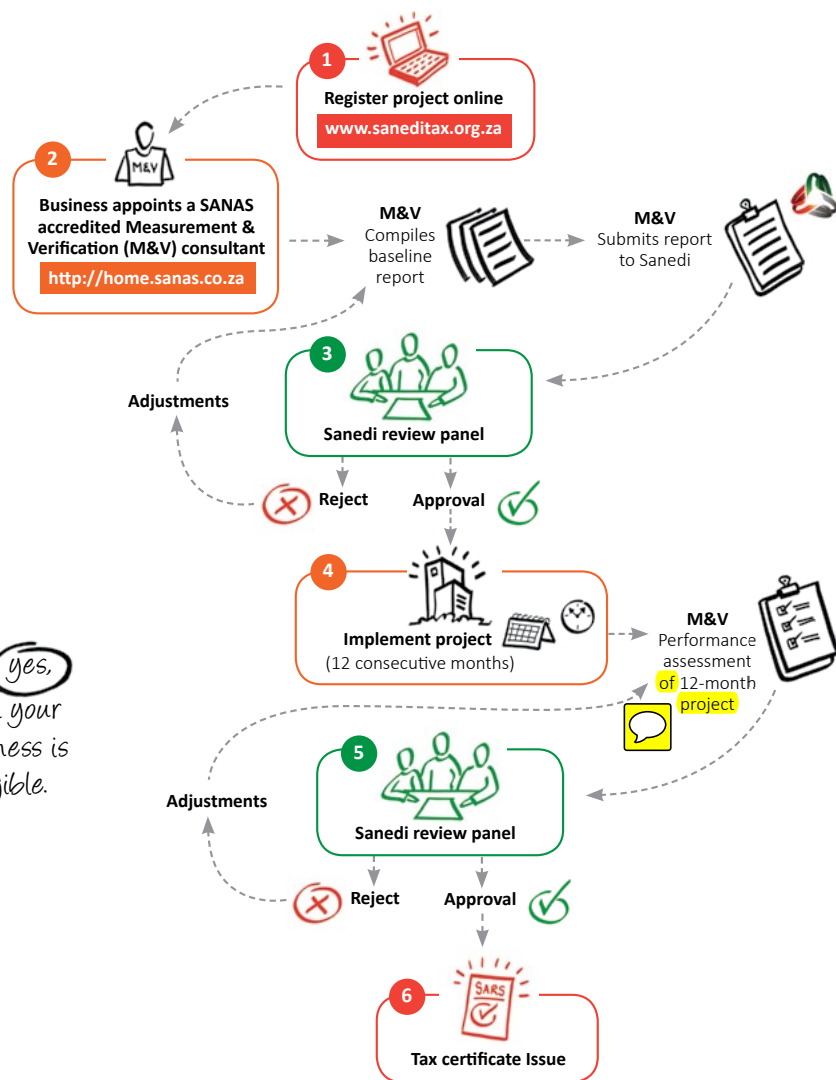
If **yes**, then your business is eligible.



What kinds of energy efficiency apply?

The 12L tax incentive covers energy efficiencies achieved through a range of methods, including human behaviour (according to SANS 50 010), co-generation projects, and waste heat recovery (a min. of 35% improvement must be achieved).

How it works



About Sanedi

The **South African National Energy Development Institute** is a stated-owned entity which promotes the uptake of green energy and energy efficiency in South Africa. Sanedi directs, monitors and conducts applied energy research and development, demonstration and deployment.

The Act

Section 12L of the Income Tax Act, 1962, as inserted by Act 17 of 2009, amended by Act 7 of 2010 and substituted by Act 22 of 2012.

History

12L was announced in 2009 and promulgated in December 2013. It was motivated by the need to improve energy supply security in South Africa, and help combat the negative effects of climate change. **The key aspect to 12L is the efficient use of energy.**