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**GOVERNMENT NOTICE**

**No. R. 186** **6 March 2015**

**NATIONAL TREASURY**

**INCOME TAX ACT, 1962**

**REGULATIONS IN TERMS OF SECTION 12L OF THE INCOME TAX ACT, 1962,  
ON THE ALLOWANCE FOR ENERGY EFFICIENCY SAVINGS**

I, Nhlanhla Musa Nene, Minister of Finance, in terms of section 12L(5) of the Income Tax Act, 1962 (Act No. 58 of 1962), in consultation with the Minister of Energy and the Minister of Trade and Industry, hereby make the regulations as set out in the Schedule hereto.

  
**NHLANHLA MUSA NENE, MP**  
**MINISTER OF FINANCE**

## SCHEDULE

### Definitions

1. In these regulations “the Regulations” means the regulations published by Government Notice No. R. 971 of 9 December 2013.

### Amendment of regulation 6 of the Regulations

2. Regulation 6 of the Regulations is hereby amended—

- (a) by the deletion in subregulation (1) of the definitions of “energy from waste”, “waste heat” and “waste heat recovery”;
- (b) by the insertion in subregulation (1) after the definition of “combined heat and power” of the following definition:

“**energy conversion efficiency**” means the difference between the useful heat and equivalent kilowatt hours of energy output and the equivalent kilowatt hours of input energy expressed as a percentage”; and

- (c) by the substitution for subregulations (2) and (3) respectively of the following subregulations:

“(2) A person may not receive the allowance in respect of energy generated from renewable sources other than energy generated from combined heat and power.

(3) A person generating energy through a captive power plant may not receive the allowance unless the energy conversion efficiency of the plant is greater than 35 per cent.”.

### Amendment of regulation 7 of the Regulations

3. Section 7 of the Regulations is hereby amended—

- (a) by the substitution for the words preceding paragraph (a) of the following words:  
“For the purposes of section 12L(4) of the Income Tax Act any credit, allowance, grant, cost recovery agreement or other similar benefit granted by or through—”;
- (b) by the deletion of the word “or” at the end of paragraph (a);

(c) by the substitution for the comma at the end of paragraph (b) of the expression  
“; or”; and

(d) by the addition after paragraph (b) and the substitution of the words following  
paragraph (b) of the following paragraph and words:

“(c) any power purchase agreement as defined in Electricity Regulations on  
New Generation Capacity made by the Minister of Energy under section  
35 (4) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006)  
published by Government Notice 721 of 5 August 2009 in respect of the  
IPP bid programme as defined in those regulations,  
for any energy efficiency savings or the sale and purchase of electricity  
constitutes a concurrent benefit.”.

### **Commencement**

4. These regulations come into operation on 1 April 2015.

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