

What is S12B?

S12B offers an attractive incentive for those **businesses** /(practices) wishing to insulate themselves against the potentially devastating impact of erratic electricity supply, **but interpretation and implementation of the section is key.**

For more info contact Joubert le Roux (CFO Group Director)

Tel: 012 000 2564 (Pretoria),

Tel: 011 100 5256 (Sandton)

Email: Joubert@cfogroup.co.za

Website: www.cfogroup.co.za

How does the S12B allowance work?

Section 12B of the Income Tax Act provides a tax incentive in the form of a deduction for movable assets used in the production of renewable energy. This deduction is applicable to qualifying assets owned by the taxpayer. The section 12B allowance is available for any asset brought into use for the first time by the taxpayer, regardless of whether it is new or used. This prevents taxpayers from claiming the allowance twice on the same asset.

Assets used for the production of the following renewable energy sources qualify:

- Wind
- Solar
- Hydropower
- Biomass

S12B allowance

Current section 12B

- Increased to 125%
- Remains an accelerated allowance
- Full write off in 1 year

Requirements

- Only for 2 years
- Only applies to new and first brought into use after 1 March 2023
- Applies to all, no renewable energy thresholds apply