

The Fiscal Benefits Project

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First ever biodiversity tax incentive placed in a tax return

Proposed Corporate Conservation Partnership in the pipeline

Photo: Candice Stevens

Section 37D in a tax return!

The very **first biodiversity tax incentive** for a formally declared Protected Area in South Africa has been accessed on behalf of a private landowner. Section 37D was included in the tax return of a property in the Waterberg IBA, Limpopo. The property was declared a **Nature Reserve** in 2015 and is one of the Fiscal Benefits Project pilot sites where testing of the biodiversity tax incentive has taken place. The successful appropriation of the incentive marks both a **national and global first**. It is the historic first instance whereby a fiscal benefit has been secured for the long term conservation commitment made on privately-owned land. The achievement is the culmination of years of hard work by collaborative stakeholders and is the result of innovative finance and financial sustainability.

S37D provides the landowner with a straight line deduction from taxable income based on the value of the Nature Reserve declared. The property receiving the first use of s37D protects birds, other biodiversity, and unique vegetation and is an important water source area as well as a source of local jobs.

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Corporate Conservation Partnership

The Fiscal Benefits Project is set to formalise a partnership with a leading Advisory Firm in the next quarter with the aim of providing pro bono tax consulting services to Biodiversity Stewardship and Protected Area Expansion sites across the country. The aim of the Partnership is to mainstream the findings of the Fiscal Benefits Project pilot study and provide access to the effective biodiversity tax incentives to landowners.

THE FISCAL BENEFITS PROJECT

The Fiscal Benefits Project is determining whether the use of biodiversity tax incentives can provide financial benefit to landowners engaging in Biodiversity Stewardship agreements. The tax incentives are being tested at pilot sites under a feasibility study to determine their effectiveness. The findings from these sites are now being mainstreamed through a Corporate Conservation Partnership. The Project is managed by tax specialist, Candice Stevens.

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This Project partners with SANBI and is funded by the GEF 5 Biodiversity and Land Use Project and the WWF Nedbank Green Trust. It is being run in conjunction with National Government and Biodiversity Stewardship stakeholders.

TAX PRACTICE ALERT: Tax Return Filed *with Section 37D*

FISCAL BENEFITS PROJECT

BirdLife South Africa's Fiscal Benefits Project has successfully included the very first biodiversity tax incentive for Nature Reserves in an annual tax return. Section 37D allows a landowner who has declared a Nature Reserve to deduct the value of the land from their taxable income. This was achieved on behalf of a landowner for the very first time in South Africa at the end of 2016.

The Fiscal Benefits Project was launched in 2015 with the aim of testing the use and applicability of biodiversity tax incentives as a benefit for landowners declaring Protected Areas through the Biodiversity Stewardship initiative. The Fiscal Benefits Project began with the achievement of introducing a new tax incentive into national legislation with the inclusion of [section 37D](#) in the Income Tax Act. Section 37D is designed to give landowners a tax deduction for their conservation commitment. It allows the value of a Nature Reserve to be deducted from taxable income, thereby reducing the tax owed by a landowner.

Section 37D provides a fiscal benefit for the long term protection and effective management of areas vital to conservation and ecosystem functioning. The incentive enables landowners to claim a tax deduction based on the value of their land declared as a Nature Reserve.

This tax incentive is globally unique and its successful inclusion in a tax return creates the first ever tangible, fiscal benefit as a reward for landscape level conservation. The historic appropriation of section 37D belongs to one of the Fiscal Benefits Project's pilot sites where testing of the incentive has taken place. This ultimate achievement now paves the way for other privately-owned Nature Reserves to receive recognition through fiscal means.

South Africa's biodiversity tax incentives and work on Privately Protected Areas is highly innovative and has received international recognition. It is the collaborative effort of the National Treasury, the South African Revenue Service, the Department of Environmental Affairs and the Biodiversity Stewardship community of practice in both the public and private sectors.

BirdLife South Africa's Fiscal Benefits Project is a novel approach to biodiversity finance and leads the way in the use of biodiversity tax incentives. The Fiscal Benefits Project continues to assist landowners to access environmental tax incentives and to bolster biodiversity conservation efforts nationwide.

CANDICE STEVENS

FISCAL BENEFITS PROJECT MANAGER AND TAX SPECIALIST

