

Policy & Advocacy Programme

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.