



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

MINISTER OF FINANCE REQUESTS THE SETTING UP OF AN INQUIRY INTO SARS

The Minister of Finance Malusi Gigaba has approached President Jacob Zuma for an urgent establishment of an inquiry into the tax administration and governance of the South African Revenue Service (SARS). The President has acceded to the request. The Commission will be established soon and its details will be released in due course. The Minister has informed the SARS Commissioner of this proposed inquiry and the Commissioner has expressed his support for it and willingness to cooperate.

“We expect this inquiry to be constructive and to strengthen the institution further where possible. It is critical for Government to determine the cause of the tax revenue under-collection in order to enable Government to take urgent remedial steps to ensure that SARS is able to meet its revenue targets as set out in the Medium Term Budget Policy Statement (MTBPS) and Budget,” Minister Gigaba said.

The inquiry will help to assess what factors are responsible for the under-collection of revenue by SARS, and what steps need to be taken to improve performance management systems at SARS to improve its capacity to collect revenue.

The MTBPS recognized that whilst the economic cycle is the most likely and significant factor driving lower revenue-collection, other factors could also be at play, like weakening tax morality and challenges facing tax administration. Whatever the reason for such shortfall, the risk of under-collection of revenue impacts directly on the size of the future budget deficits, and hence on the sustainability of the projected debt-to-GDP trend, and directly on our credit rating and growth prospects.

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