

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 128
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MR N SINGH (IFP) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the National Treasury has any measures in place to ensure that correct (a) value added tax (VAT) and (b) income tax returns are being submitted to the SA Revenue Service (SARS) from the proliferation of China Town shops which refuses to supply customers with till slips and who fail to register sales on their tills; if not, why not, in each case; if so, what are the relevant details, in each case;
- (2) what is the value of customs duty received on the importation of the goods sold in these complexes for the (a) 2009-10 and (b) 2010-11 financial years;
- (3) whether SARS identified any irregularities in (a) VAT, (b) income tax submissions and (c) custom duties by these shops; if not, why not; if so, what (i) measures have been put in place to ensure that these irregularities do not re-occur and (ii) are the further relevant details? **NW137E**

REPLY:

- (1) The South African Revenue Service applies the law objectively and fairly to all taxpayers. In its efforts to address possible non-compliance wherever it may occur, SARS has initiated a multi-agency task team to combat illicit trade and non-compliance with tax and customs laws among small businesses and the informal sector.

These interventions are carried out by members from SARS, the Department of Home Affairs immigration, the South African Police Service (SAPS) and the Department of Trade and Industry (DTI) in areas where there are a proliferation of small retailers and informal traders.

To date interventions have successfully taken place in the Free State, Eastern Cape, North West Province and Gauteng. The joint law enforcement agency task team established continues to operate applying an integrated approach to dealing with retailers trading in illicit goods and not complying with tax legislation.

The mandate of SARS is to ensure compliance of all taxpayers. SARS is implementing various measures to ensure the registration of all businesses for tax purposes. In support of this process SARS has proactively started with taxpayer education and compliance programs to register all businesses.

- (2) In line with current legislation, Customs retains information supplied at the time of importation or exportation by importers and exporters who are not necessarily the final retailer. As such, information relating to Customs duties on goods sold at a specific complex, area or retailer is not available.
- (3) In terms of secrecy provisions in both tax and customs legislation, SARS is not at liberty to disclose details regarding the compliance of specific taxpayers. However, among the incidents of non-compliance identified during the interventions included failure to register with SARS, non-submission of returns, the presence of illicit goods and other contraventions of both tax and customs legislation.

SARS employs a variety of measures to promote and enforce compliance among all taxpayers according to the SARS Compliance Model. Where non-compliance is as a result of ignorance or error, this compliance approach provides education and assistance to traders and taxpayers to inform them of their obligations and how to meet them. Where non-compliance is a result of deliberate evasion, the approach provides for a variety of enforcement actions including administrative penalties, additional tax and, where appropriate, criminal prosecution. Illicit goods or goods suspected for being illicit or not being compliant with customs legislation are confiscated.