

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 1894 [NW2204E]**  
**DATE OF PUBLICATION: 16 SEPTEMBER 2016**

**1894. Mr D J Maynier (DA) to ask the Minister of Finance:**

- 1) Whether the SA Revenue Service received a report concerning alleged suspicious and unusual payments to a certain person (Jonas Makwakwa), if not, why not; if so (a) which organ of state produced the specified report and (b) when was the specified report received;
- 2) whether the specified report was referred for further investigation; if not, why not; if so, (a) when was the specified report referred for further investigation and (b) to which organ of state was the specified report referred to;
- 3) whether the specified person was suspended; if not, why not; if so, (a) when was he suspended and (b) why was he suspended;
- 4) whether he will make a statement on the matter?

NW2204E

**REPLY:**

The following response was submitted by the South African Revenue Service (SARS):

- 1) "Yes, SARS can confirm that it did receive a report concerning alleged suspicious and unusual payments relating to Mr Jonas Makwakwa.
  - (a) The organ of state which produced the said report is the Financial Intelligence Centre ("FIC").
  - (b) The report was received on 18 May 2016.
- 2) The report was not referred for further investigation at that stage. SARS had adopted a two-pronged approach towards handling this matter. The first part entailed affording Mr Jonas Mashudu Makwakwa and Ms Kelly-Ann Elskie an opportunity to respond in writing to the allegations against them. This was part of the internal investigative process that SARS undertook. The second part involved engaging the ("FIC") for purposes of seeking technical guidance, co-operation and assistance in relation to this matter, as per Section 4 of the FICA.
  - (a) SARS has appointed the law firm; Hogan Lovells to investigate this matter, and to conduct disciplinary proceedings against the two employees on behalf of SARS. The matter was referred to Hogan Lovells on 15 September 2016.

(b) SARS is aware, based on correspondence received from Directorate of Priority Crime Investigation ("DPCI") dated 15 September 2016, that the matter has been reported to the ("DPCI").

3) Mr Makwakwa has been suspended.

(a) Mr Makwakwa was suspended on 15 September 2016. Ms Elskie is currently on maternity leave. SARS is currently in the process of seeking a legal opinion on whether an employer has lawful authority to suspend and/or institute disciplinary proceedings against an employee who is on maternity leave.

(b) Mr Makwakwa was suspended pending the investigation into the allegations contained in the report referred to above."

4) Yes, I would like to make a statement on this matter.

I only became aware of the issue through the article in the Sunday Times on the 11<sup>th</sup> September 2016. I immediately contacted Mr Moyane telephonically to report to me the veracity of the report and met with him on the morning of the 12<sup>th</sup> September 2016 to be briefed on the issue. This was approximately four months after Mr Moyane was first alerted to the matter through a letter dated 17<sup>th</sup> May 2016 from the Financial Intelligence Centre ("FIC"). This matter is exceptionally serious as the allegations were against one of the most senior managers in the organisation and the official was appointed by Mr Moyane. The report from the FIC stated that there was a total of 75 transactions done between 01<sup>st</sup> March 2010 and the 31<sup>st</sup> January 2016 which amounted to R785 130.00 (R726 400.00 of this money was deposited during 2014 and 2015). Furthermore, Mr Makwakwa's partner deposited a total amount of R450 200.00 directly into her personal bank accounts. It is perturbing that considering that the origins of these funds were not confirmed that Mr Moyane allowed Mr Makwakwa to remain in his position dealing with individual and corporate taxpayers. It is my opinion that Mr Moyane failed to inform me of the matter possibly in an attempt to resolve the issue without the matter becoming public. Since the report in the newspapers, Mr Moyane has publically criticised the FIC rather than take the responsibility an accounting officer is expected to assume in dealing with such vital matters. I would like to confirm that to date I have not been informed whether Ms Elskie has been suspended.

These and other matters raise serious concerns about the stewardship of a vital fiscal institution.