



**MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA**

**MEDIA STATEMENT BY FINANCE MINISTER PRAVIN GORDHAN**

**SARS COMMISSIONER OUPA MAGASHULA RESIGNS**

On 24 March 2013 I said I would institute a thorough investigation into allegations against the Commissioner of the South African Revenue Service (SARS), Mr Oupa Magashula, published in the media on that day. Following the outcome of a fact-finding inquiry into these allegations, Mr Magashula has resigned with effect from 12 July 2013.

The media reports were based on a telephone conversation during which Mr Magashula was recorded offering a Chartered Accountant (CA) a job at SARS. The conversation was facilitated by a Mr Timothy Marimuthu whom media reports alleged had influence over Mr Magashula. The effect of these reports was to raise questions about the integrity of staff recruitment processes at SARS.

To protect the integrity of this vital fiscal institution, reassure the South African public and ensure a rapid process of establishing the facts relating to the events as reported by the media, I appointed retired Constitutional Court judge, Justice Zak Yacoob, and Advocate Muzi Sikhakhane.

Justice Yacoob's committee was mandated:

- 1) To establish whether the event referred to in media reports of 24 March 2013 had resulted in any breach of SARS processes or good governance;
- 2) To report on the nature of any possible indiscretion by the SARS Commissioner;
- 3) To report on the influence that Mr Marimuthu is alleged to have had over the Commissioner.
- 4) To advise the Minister on any appropriate remedies where breaches may have occurred.

The committee did not have powers to subpoena witnesses. People who gave evidence before the committee did so voluntarily. This meant that all the people who gave evidence to the committee, especially those who are named in the report, had to give consent for publication of those sections of the report that relate to their evidence. For this reason, the report will be published on the websites of National Treasury ([www.treasury.gov.za](http://www.treasury.gov.za)) and SARS ([www.sars.gov.za](http://www.sars.gov.za)) at 17h00 today.

The committee submitted its report to the Minister on Monday, 8 July 2013. (You will notice that the published report is dated the 12<sup>th</sup>. This is because the published version was submitted to the Minister on Friday the 12th as the committee had to seek the consent of all the witnesses as explained above).

In summary, the key findings are as follows.

- 1) In relation to the terms of reference number 1 and 2, the key findings are that Mr Magashula:
  - Had by his conduct placed the reputation and credibility of SARS at risk;
  - Was much less frank with the committee than the committee would have expected of the person who had the integrity essential to his position;
  - Caused the Minister to make an incorrect statement to the public with regards to the CA's CV not having been sent to SARS. An interview had been arranged, but the CA cancelled because she preferred a job based in Durban, which did not meet SARS' requirements.
  - Interacted with Mr Marimuthu more times than he had initially admitted to the Minister and the committee; and that
  - He told the Minister and the committee (during his first appearance before it) that he had had no further communication with the CA. It later transpired that she had sent five emails to the Commissioner's private SARS email address.
- 2) The allegations of Mr Marimuthu's influence over Mr Magashula could not be probed because Mr Marimuthu did not respond positively to the request for an interview.
- 3) The committee was unable to pronounce on the precise number of people who may have been involved in what the committee sees as the attempt to blackmail the SARS Commissioner.
- 4) The committee found no evidence that Mr Magashula committed a crime.

Mr Magashula was given a copy of the report on Tuesday, 09 July 2013. The following day, 10 July 2013, he admitted to the Minister and the Deputy Minister of Finance that his actions constituted failure to promote and maintain a high standard of professionalism and ethical behaviour that is expected of the Commissioner of SARS.

After considering the report and its recommendations, the Minister will do the following:

- a) Accept Mr Magashula's resignation with effect from 12 July 2013.
- b) Instruct the Audit Committee of SARS to investigate whether the Commissioner's behaviour breached any of the tax and customs processes at SARS.
- c) Appoint a committee to review SARS's governance and ethical standards, especially as they pertain to the office of the Commissioner.
- d) In addition, the Minister will ask the public to also review the code and recommend improvements. Submissions from the public will be considered by the review committee.

Further details on the committee to review SARS' governance and ethical standards as well public participation in the review will be announced shortly.

I would like to reassure South Africans that the SARS management team and employees are committed to:

- The highest level of integrity;
- Best service to South Africans; and
- Fair implementation of tax and customs laws.

"The South African Revenue Service is one of the key pillars of our fiscal order, and therefore, our democratic dispensation. It is an institution whose very foundations are built on the trust and credibility that South African taxpayers have in it. It is therefore critical that those to whom the stewardship of this vital fiscal institution is entrusted conduct themselves, during and after working hours, in a manner that ensures that they are above question," the Minister said.

I would like to thank Mr Magashula for his contribution to SARS during his tenure as Commissioner since 2009.

Mr Ivan Pillay, currently the Deputy Commissioner at SARS, has been appointed acting Commissioner until the appointment of a new head of SARS.

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