

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1338**

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**Dr P J Rabie (DA) to ask the Minister of Finance:**

(a) When was the anti-fraud campaign for (i) smuggling, (ii) round-tripping and abuse of incentive arrangements and (iii) quota fraud and rebate item abuse that relate to the clothing and textile sector launched and (b) what is the amount the SA Revenue Services lost in revenue as a result of customs fraud in the 2008-09 financial year?

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**REPLY:**

(a) As part of its normal operations, SARS has always had a specific focus on the clothing and textile industry as one of the significant industries targeted for compliance. Following engagements with the dti and NEDLAC, SARS decided to make this industry a key strategic priority and to focus additional resources on compliance efforts. It was also decided to adopt a comprehensive approach aligning policy, risk management, targeting, inspection, audit and investigation.

As a result, an integrated SARS Customs and Border Management and Enforcement strategy was adopted and a dedicated team established in early 2009. The SARS Clothing and Textiles (CAT) team also works closely with partners in the dti, Labour and Business.

The new integrated approach has resulted in significant successes. Increased inspections and investigations have and are taking place in respect of this sector and raids were carried out in Gauteng, Limpopo and recently in the Durban area. These interventions are part of a comprehensive compliance approach. The new approach is being tested in the clothing and textile sector and will then be rolled-out in other sectors.

- (b) The losses resulting from fraudulent activities cannot be accurately quantified. They result from illegal activities such as under-invoicing, mis-classification as well as abuse of incentive schemes. Suspicious activities and transactions first need to be detected through either targeting or random stops and this then trigger follow-up law enforcement activities such as documentary and / or physical inspections, audits and investigations. The findings by SARS are then still subject to administrative appeal and judicial proceedings.