

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 79 [CW124E]

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79. Mr F Essack (Mpumalanga: DA) to ask the Minister of Finance:

Whether the National Treasury has any plans to address the loss in tax revenue as a result of (a) tax evasion and (b) corruption within the SA Police Service; if not, why not; if so, what plans?

CW124E

REPLY:

- (a) In the Tax Administration Act, No. 28 of 2012 (TAA), SARS is statutorily mandated to conduct criminal investigations of an offence under a tax Act or related common law offences. Tax evasion is specifically included in the TAA section 235 as a serious tax offence:

“A person who with intent to evade or to assist another person to evade liability ...is guilty of an offence and, upon conviction is subject to a fine or to imprisonment for a period not exceeding five years”

The SARS plan is therefore to conduct investigations of all substantiated allegations or reports of intentional non-compliance (offences) in respect of legislation administered by SARS. The ultimate purpose of the investigation is to systematically gather evidence that would withstand the scrutiny of a court of law to the extent that it proves that an offence has been committed and leads to recovery of lost revenue.

SARS belief is that tax evasion undermines compliant taxpayers' morale and places an unfair burden on them if not countered, thus we actively pursue tax evaders to maintain confidence in integrity of the tax system.

- (b) The alleged corruption in the police would be best dealt with by the Minister of Police or by a commission appointed by the President. If the corruption in the Police results in loss of tax revenue as well (in addition to the loss of money allocated for expenditure) the Minister of Police should put in place measures to detect such offences and investigate these.