

COUNTRY PRESENTATION



South African Revenue Service

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Designation: Criminal Investigator



Contents

- Mandate of criminal investigations
- Themes of work
- Tax fraud case

Mandate of Criminal Investigations

- **CI Strategic Objective –**

“Detect taxpayers and traders who do not comply, making non-compliance hard and costly”.

- Conduct criminal investigations on all serious tax offences (inclusive of custom offences) and ensure that all criminal investigations finalized, are handed over to the South African Police Service (SAPS) and National Prosecuting Authority (NPA) for prosecution.

Themes of work:

- Serious tax offences (STO) which flow from other divisions [Audit, Customs, etc.].
- Industry focus products [PAYE, Customs, Excise, VAT, PIT, CIT]
- Procurement/ Tender Fraud & Schemes - CI is the tax compliance gatekeeper for Government tenders.
- Inter-Agency [SIU, FIC, AFU]: referrals and notable outcomes from commissions of inquiries.
- Social media: harvesting of social media for notable tax criminality.

Tax Fraud Case

Allegation

- Allegation: Pay as You Earn (PAYE) syndicate.
- Fraudulent claim for PAYE Credits,
- Submitted fraudulent IRP5 certificates.
- Source: Anonymous

Main Role Players

- Mr Bongani was the CEO while his wife was the COO of the syndicate.
- Mr & Mrs Innocent are the “runners” / recruiters and collectors.

Modus Operandi

- The syndicate recruited the directors of companies and submitted the tax returns on their behalf with the purpose of obtaining undue refunds from SARS.
- The syndicate charged 40% to 50% of the refund.
- The runners / middlemen would launder this refunds by transferring it into many accounts using the false description.

Findings

- ✓ CIPC and representative for tax purposes
- ✓ Internal system – details of the profile used to submit.
- ✓ Social media harvesting.
- ✓ Call records and IP Address.
- ✓ GPS coordinates.
- ✓ Prejudice = R46 Million / USD 2.5 Million



Findings Cont'

Bank analyses:

- 40% to 50% of the refunds received were paid into Mr and Mrs Innocent's companies, who in turn transferred their cut to their personal accounts under the description "Salary or Service rendered" and withdrew the remaining money in cash from a specific banker.
- Cash deposits directly to Mrs Bongani's two companies at the same banker under reference "School renovation, labour, Materials etc.
- Mrs Bongani then transfers the money to her husbands company accounts.
- Then after the Bongani Family would buy cars cash, go on a luxury overseas vacations and buying and building houses.

Preventive Measures

- Risk Engen (system upgrade).
- PAYE credits claims are referred to specialised Audit.
- Bank recalls on suspicious refunds.
- Due to intimidation – personal protection afforded the officials with serious reported incidents of intimidation.

Conclusion

Arrested:

- All directors of companies involved.
- All beneficiaries linked through EFTs
- Mr Bongani (Mrs not yet charged)
- Mr and Mrs Innocent



QUESTIONS

“All it takes for evil to triumph is for good men to do nothing”

By Edmund Burke

