

CASH ECONOMY



VISION

100% Voluntary compliance for a better Kingdom of Eswatini.



'Raising the Standard'

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BACK GROUND

What is Cash economy

- It is an economic system, or part of one, in which **financial transactions are carried out in cash** rather than through direct debit, standing order, bank transfer, or credit card.
- The cash economy in general presents high chances for the public to **commit tax fraud**.

What is tax fraud?

- Tax fraud occurs when an **individual or business** entity **willfully and intentionally** falsifies information on a tax return to **limit the amount of tax liability**. Tax fraud essentially entails cheating on a tax return in an attempt to avoid paying your tax obligation.

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Investigative techniques used

- Our data analysts identified a syndicate where a group of companies selling cell phones were said to be buying stock from the same supplier.
- What was observed is that the supplier declared sales that do not match the purchases declared by the retailers.
- Invoices were requested from the retailers and they corresponded to their declarations.
- Information was also requested from the bank and there were more transactions which were not included in the returns.
- Case has since been handed over to audit.

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Inter- agency cooperation

- Immigration and customs
- Banks
- Customers
- Police

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The Crime Committed

- How taxpayer committed tax fraud:
 - ✓ Understating sales on returns
 - ✓ Not reporting on all income received
 - ✓ Falsely claiming tax deductions or tax credits(claiming input tax using invoices from non registered companies)
 - ✓ Sister companies operating but not submitting returns

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Case results

- Case is ongoing

Current Findings:

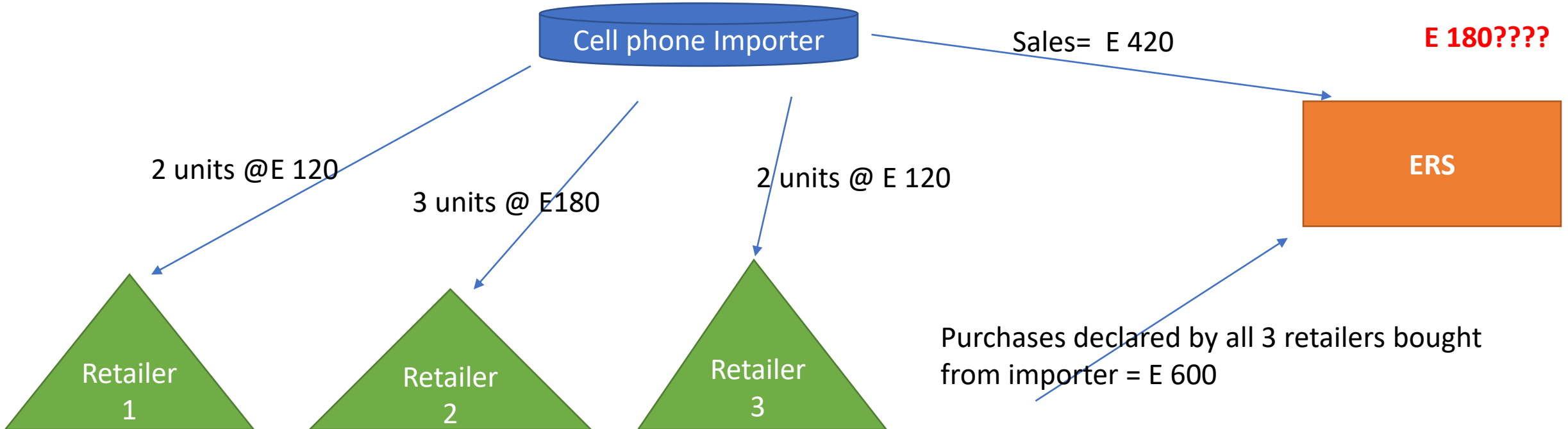
- Imports were under valued
- Under declaration of sales
- Not reporting on all income
- Deregistration of companies with liabilities

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Illustration of tax fraud committed in the cash economy

Total imports 10 units = E 500



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