

Failure to submit tax returns can get you a criminal record

Taxpayers who do not submit their tax returns will end up with a criminal record, the South African Revenue Service (SARS) said on Monday, 16 April 2018.



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In its statement, the revenue service said it had embarked on a new initiative with the National Prosecuting Authority (NPA) to prosecute non-compliant taxpayers, including prominent South Africans, who have failed to submit returns.

“Taxpayers who are found guilty will end up with a criminal record. The initiative has already seen its first conviction in Port Shepstone last week,” it said.

S Ragunat, as the representative of SPS Distributors, paid an admission of guilt fine of R5,600 in the Port Shepstone Regional Court for non-submission of more than 50 outstanding Value-Added Tax (VAT), Pay-As-You-Earn, (PAYE) and Corporate Income Tax (CIT) returns. He was ordered to and has submitted all the outstanding returns.

“Failure to submit a tax or VAT return is a criminal offence in terms of the Tax Administration Act and Value-Added Tax legislation,” said the revenue service, adding that over the course of this week, eight outstanding return cases involving hundreds of outstanding returns will appear on court rolls in different parts of the country.

The case include four cases that will be heard in the Johannesburg Magistrate's Court on 19 and 20 April.

There will also be cases in Ficksburg and Bothaville in the Free State, as well as the Newcastle Magistrate's Court in KwaZulu-Natal during the rest of the week.

"The campaign marks an intensification of SARS's Outstanding Returns Project that was launched towards the end of last year when SARS aimed to raise awareness amongst taxpayers about outstanding tax returns.

"SARS has over the past few years experienced an unacceptable increase in the non-submission of returns across all tax types, including PAYE, VAT, corporate income and personal income tax."

Outstanding returns book

At the end of March 2018, SARS's Outstanding Returns Book showed that active taxpayers owed SARS approximately 30 million returns, in many cases showing that multiple outstanding returns were due by a single taxpayer.

"The decision to resort to enforcement of compliance through criminal prosecution is a last resort. All the taxpayers that will appear in court were engaged beforehand and final demands were issued to them before the criminal cases commenced. At this stage 36 dockets have been handed over to the NPA."

The significant drop in the submission of returns was one of the key indicators pointing to decreased compliance and was highlighted by Finance Minister Nhlanhla Nene during the announcement of the tax revenue collection figures for the 2017/2018 financial year, recently.

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