

Moyane's fishing expedition continues

South African Revenue Service (Sars) commissioner Tom Moyane seems to be embarking on a fishing expedition after an initial Grant Thornton preliminary forensic report on the tax authority's modernisation and technology programme from 2007 to 2014, is understood to have been a damp squib.



Tom Moyane, South African Revenue Services commissioner. Photo: Sars

Sars has now approached the Treasury for a deviation to expand the scope of the investigation to "phase 2", which would extend the probe to 2005. Moyane has been sitting on the initial report for almost a year.

The tax authority had budgeted R20m for the investigation - dubbed Project Lion - but is understood to be looking to spend an additional R50m on the second phase. *Business Day* understands that the deviation application has been turned down by the Treasury, but Sars would not confirm or deny this.

The investigation into the modernisation programme has been interpreted widely as a fishing expedition against former finance minister Pravin Gordhan, who, as Sars commissioner from 1999 to 2009, oversaw the modernisation of the tax-collection system.

Moyane approved a memo authorising Sars to begin the process to appoint a service provider for Project Lion in August 2015.

Grant Thornton emerged as the successful bidder.

The final sign-off for the Grant Thornton investigation was provided by suspended Sars second-in-charge Jonas Makwakwa in July 2016, two months after the Financial Intelligence Centre handed over a report to Moyane in which it detailed "suspicious and unusual" transactions in Makwakwa's bank account.

Grant Thornton confirmed in a statement that it had handed over its report in December 2016 while the tax authority said it would "take action at the appropriate time".

Sars was left reeling two weeks ago when audit firm KPMG withdrew its report on the tax authority's "rogue unit", exonerating Gordhan in the process. However, Sars insists that it stands by the report and has threatened legal action against the audit firm.

Business Day understands that Grant Thornton pocketed slightly more than R12m for work done on Project Lion.

Spokesman Sandile Memela said: "Sars has considered the preliminary investigation report contents, but will take action at the appropriate time.

"Sars considers the contents of the Grant Thornton report and the fees paid to be a confidential matter between the organisation and a business partner and, as a result, cannot divulge or discuss the details."

In a statement issued through StratComms, the audit firm wrote: "Grant Thornton issued its final report to Sars during December 2016."

Source: *Business Day*

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