

Gordhan: Moyane's SARS not reliable

Finance Minister Pravin Gordhan has expressed "serious concern" about the stewardship of the South African Revenue Service (SARS) under commissioner Tom Moyane because of the way he has handled allegations against his second-incommand, Jonas Makwakwa.



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Makwakwa and his girlfriend, Kelly-Ann Elsie, a SARS employee, are under investigation for "suspicious and unusual" bank transactions.

Gordhan's comments in a series of written replies to questions in Parliament by DA finance spokesman David Maynier attest to the breakdown in relations between the minister and Moyane which Judge Dennis Davis - who heads up the Davis Tax Committee - has previously described as "intolerable".

Gordhan highlighted a number of Moyane's failures, such as his neglect in taking immediate action when he was informed by the Financial Intelligence Centre (FIC) about the R1,2m in deposits made into Makwakwa's bank accounts and R450,000 into Elsie's.

There was also his failure to report the Makwakwa matter timeously to Gordhan as the minister responsible for SARS.

Gordhan also voiced his concern over the "lack of accountability and co-operation" from top SARS management and said

he was considering the strengthening of their accountability obligations.

Gordhan believes it is vital to know why Moyane took more than four months after receiving the information from the FIC in May before taking action, and then only when the matter was reported in the media.

This knowledge was necessary in order to protect the reputation of SARS, he said.

DA deputy finance spokesman, Alf Lees called on Gordhan to take "decisive action to restore the battered image of SARS". He proposed that a full judicial commission of inquiry, preferably headed up by Davis, be established without delay.

Moyane has been charged by Corruption Watch for his failure to act immediately on the Makwaka matter and for having revealed the details of the FIC report to Makwaka and Elskie, both of whom have been suspended pending the outcome of an investigation by law firm, Hogan Lovells.

"Mr Moyane needs to explain why he continued to allow Mr Makwaka to remain in his position as part of his top management team dealing with individual and corporate taxpayers and allowing him to represent SARS at hearings of the standing committee on finance [on August 23 2016] and the Davis Tax Committee [on September 8]," Gordhan said.

"These and other matters involving Mr Vlok Symington raise serious concerns about the stewardship of a vital fiscal institution. Further consideration will be given to substantially increase the accountability of the top SARS management for their actions and decisions."

Symington, SARS deputy director of law, was "held hostage" in a boardroom in the SARS head office in October by the Hawks and Moyane's bodyguards in a bid to retrieve an incriminating e-mail from Moyane reportedly sent by accident.

Gordhan noted that he could not place "great reliance" on information provided by SARS, particularly in relation to the Makwaka matter.

The minister met Moyane at Gordhan's request on September 12 after the Sunday Times reported on the "suspicious and unusual" transactions.

Letters were exchanged in the subsequent days to follow up on the meeting. Moyane again responded to the minister's request for information on Makwaka on October 27, providing the terms of reference for the Hogan Lovells investigation, and had not communicated with him about the matter since.

Moyane told the minister the first part of the probe would be completed by December 22 but SARS told Business Day this week it was still under way.

"The terms of reference do not include the role of Mr Moyane in the Makwaka matter. Mr Moyane stated in his letter [of October 27] that he does not accept responsibility for failing to timeously report the Makwaka matter to the Minister of Finance [as the executive authority of SARS] prior to the 12 September meeting as he expected the Financial Intelligence Centre to do so."

Moyane stated in his letter that the FIC had a "clear legislative mandate" to report the matter to Gordhan given its public importance and Makwaka's position at SARS.

Gordhan said Moyane held this view "despite the fact that the FIC Act prohibits FIC from reporting such transactions or referrals to the minister of finance or any other person other than those permitted to receive such reports".

The minister said he had not received an explanation from Moyane as to why he did not contact the Hawks or any other law enforcement agency immediately after he received the report from the FIC.

In another reply, Gordhan bemoaned the "concerted campaign of vilification" around the probe into the so-called "rogue" investigative unit, established when he was SARS boss.

"The key issue currently is how best to protect the reputation and integrity of SARS as a critical fiscal institution. The focus must remain on the investigation against Mr Makwakwa, by both SARS and the law enforcement authorities."

Lees pointed out that Moyane had been asked during a meeting with the finance committee prior to the media reports whether he was aware of a senior SARS official (Makwakwa) having been reported to the FIC. "Moyane denied any knowledge. Makwakwa was also present."

It seemed a "dereliction of duty" that Moyane delayed informing Gordhan and taking action against Makwakwa and Elskie and "an act of treason" that he allowed Makwakwa to continue in his duties, even to the point of representing SARS at a committee meeting.

Source: *BDpro*

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