

SARS closes net on super-rich tax cheats

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THE South African Revenue Service (SARS) has established a specialised unit to focus on wealthy people whose income declared in their tax returns does not accord with their assets.

SARS spokesman Adrian Lackay said yesterday that the 200 most noncompliant high net worth individuals in SA would receive attention this year.

He said sometimes they did not disclose their income or they under-declared their income or did not submit a return.

"SARS does not know if it will get more money into the net. We are focusing on compliance with the tax laws," Mr Lackay said.

High net-worth individuals are people who earn a gross income of more than R7m a year or who have assets in excess of R75m.

SARS suspects the wealthy are more often guilty of tax evasion, manipulating cash flow positions and minimising tax liabilities.

Last week SARS commissioner Oupa Magashula said a number of people who owned luxury cars such as Lamborghinis and Ferraris claimed gross income of less than R350 000. Their declared

income did not accord with their assets. Some had large portfolios of shares, Mr Magashula said.

"Our systems have improved so that we are able to identify these individuals," Mr Lackay said.

He said SARS was working with other government departments and third parties to collect and exchange information and identify noncompliant taxpayers.

SARS would use its IT system, known as Nits (new income tax system), to search other databases to verify taxpayer information. It can access the car licensing department, the Companies and Intellectual Property Registration

Office and interest payment schedules from banks and other financial institutions.

Mr Magashula said SARS had identified about 2 800 people in the past year who met the criteria of high net worth individuals.

He said 50 people who owned luxury aircraft worth more than R20m had declared gross income of less than R1m in their returns.

Beric Croome, a tax executive at corporate law advisers Edward Nathan Sonnenbergs, said focusing on wealthy individuals was a common practice among tax authorities worldwide.

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