

# SARS investigated 1 740 individual taxpayers last year

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CAPE TOWN — The South African Revenue Service (SARS) conducted 1 740 in-depth investigations of individual taxpayers in the 2008-09 tax year out of a total of 72 926 audits across all tax types and on all categories of taxpayers, Finance Minister Pravin Gordhan said in a written reply to a parliamentary question about lifestyle audits.

Lifestyle audits have become a hot potato after calls were made by Congress of South African Trade Unions general secretary Zwelinzima Vavi that politicians with flashy lifestyles be subjected to them.

This was followed by calls by opposition politicians that African National Congress Youth League president Julius Malema undergo a lifestyle audit to determine how he earned all the money that allowed him to buy luxury cars, mansions and clothing. Replying to a question by Congress of the People MP Nic Koornhof, Gordhan said SARS used a risk-based approach to identify and investigate noncompliance with tax and customs laws.

Risk-profiling was applied to both individuals and corporate taxpayers

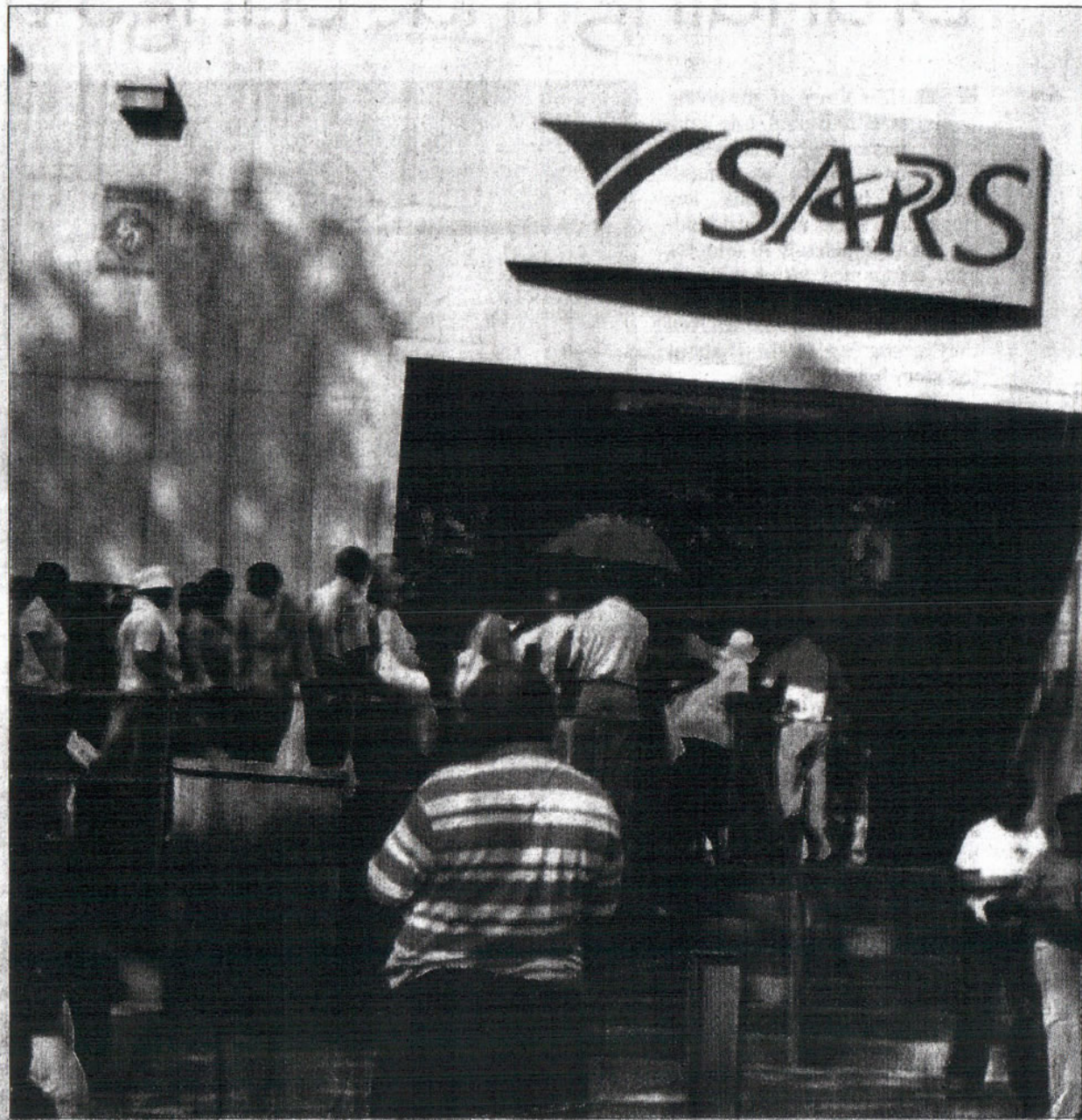
and across all tax types be it personal income tax, corporate income tax, value added tax, and customs and excise duties.

“Over time SARS has improved its capability to gather and analyse taxpayer information. SARS obtains taxpayer information from various sources — verification and analysis from third-party data sources, the SARS anticorruption and fraud hotline, income tax returns a taxpayer submits to SARS and suspicious activity reports from members of the public,” Gordhan said.

The Income Tax Act made provision for a lifestyle questionnaire as one method of obtaining information and could assist the revenue authority “in matching the lifestyle trends, income streams and the asset base of a taxpayer to what has been declared in an income tax return. The accumulated wealth has to be explained by the taxpayer for tax purposes. Any unexplained wealth is taxed,” Gordhan said.

In reply to a question by Democratic Alliance finance spokesman Dion George, Gordhan said no changes to the shareholding structure of the Reserve Bank were under consideration at this stage.

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SCRUTINISED: Amid calls for 'lifestyle audits' of high-living politicians, Finance Minister Pravin Gordhan says SARS has improved its ability to gather and analyse information on taxpayers, and investigates anything suspicious.