

Media Releases 2009

SARS busts VAT fraud syndicate

Pretoria, 17 February 2009 -- Another VAT refund fraud scam was uncovered with the arrest in Kimberley yesterday 16 February 2009 of five Ivory Coast nationals for their alleged involvement in a syndicate.

It is alleged that the suspects, through at least fifty fictitious businesses, claimed millions in fraudulent refunds from SARS.

The arrest of the five men follows a five month investigation by SARS, the Organized Crime Unit of the South African Police Service (SAPS) and the National Prosecuting Authority.

Members of the syndicate allegedly registered fictitious businesses as VAT vendors with SARS with the sole purpose of claiming fraudulent refunds. When investigators suspected irregularities and stopped refunds to these entities, attempts were made to recruit and bribe SARS officials to authorise the pay-out of these fraudulent refund claims.

At this stage of the investigation at least fifty entities are involved with a total prejudice to SARS of R12.5 million. From documentation seized from the suspects it is highly probable the number of entities involved as well as the prejudice to SARS will increase.

The charges against the accused will include fraud, corruption and racketeering.

They will appear in the Kimberley Magistrate's Court on Wednesday 18 February for a bail hearing.

SARS has recently significantly tightened procedures around registration of entities as VAT vendors as a measure to combat VAT refund fraud.

ENDS