

Media Statement



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TO: ALL MEDIA

DATE: 14 JUNE 2019

RE: CAPE TOWN ATTORNEY & FORMER POLITICAL LEADER SENTENCED FOR TAX FRAUD

The Cape Town Magistrate's Court sentenced well - known Cape Town attorney and one time leader of the Peace and Justice Congress that contested the provincial and national elections in 2001, to 13 years direct imprisonment or R1, 35 million fine after he was convicted on 463 counts of tax fraud. The court then ordered many of the sentences imposed on the accused, Muhammed Rashad Khan, to be wholly suspended for five years on condition that he is not involved in any of the crimes during the period of suspension. As to a result, his sentence has been reduced to a fine of R200 000 or one year imprisonment.

Advocate Tillette Berry told the court that the accused pleaded guilty to 463 counts, which included failure to submit timeously to SARS Income Tax Returns, VAT Returns, PAYE Returns, SDL Returns, UIF, IRP 501 reconciliation statements and failure to notify SARS of any change in his address in terms of the VAT legislation.

He failed or neglected to submit tax returns from 2007 until 2013, failed to submit his Vat 201 Returns from 2006 until 2015, failed to pay over an amount of employees' tax withheld from his employees and failed to pay the levy as stated in terms of the Skills Development Act. He also did not pay employees UIF contributions to the Commissioner as required by law.

The court heard that investigations against the accused started in 2012 and he was brought before court in 2016 for the outstanding tax returns up until July 2015. Subsequently, a second investigation revealed that the accused, since the start of the initial investigation, elected not to submit any returns to SARS and he was then subsequently charged for the failure to submit tax returns up until 2018.

During arguments in aggravation of sentence, Advocate Berry said: "Taxpayers ought to voluntarily comply with their obligations in this regard, knowing that their responsible contributions allows the country of which they are citizens, to function. SARS reported that for the 2018/2019 financial year the collection data shows a R14, 6 billion deficit. SARS' main source of revenue remains Personal Income Tax and data from the SARS clearly shows a decrease in compliance from taxpayers. As a well-known attorney the accused knew better, but decided to ignore his obligations towards the SARS for more than a decade."

She added after sentencing, "The message to taxpayers is clear. Ignore your obligation and you will be prosecuted. It does not matter who you are or how old you are. Everybody has a duty to comply and are equal before the law."

Kind Regards,

Eric Ntabazalila

Regional Spokesperson: DPP Western Cape

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