

Media Statement



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TO: ALL MEDIA

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RE: ELDERLY TAX PRACTITIONER SENTENCED FOR FRAUD

The Cape Town Regional Court sentenced Rheinallt Lindsay Schroeder, a 68-year-old tax practitioner to three years imprisonment and forced all those who benefitted from his fraudulent tax return scams to pay back the money.

Schroeder was convicted on 385 counts of fraud and as a result of that the South African Revenue Service (SARS) lost R2,72million.

Schroeder would submit income tax returns on behalf of his clients. The clients would pay him a fixed fee or a commission in certain instances where a tax refund would be paid out. That meant the bigger the tax refund for his client, the bigger the fee or commission for him. SARS started noticing that the same bank account numbers and postal address were used on the Income Tax forms of various taxpayers. The revenue services then referred its suspicions to its Criminal Investigative Unit for investigation. The SARS tax registrar system revealed that both bank accounts were Schroeder's. It was also discovered that tax refunds would then be paid directly into his bank account.

Schroeder used the same method by submitting fraudulent subsistence claims, but the claims had significantly increased in 2006, which ultimately resulted in significant refunds that were paid into his account for his own benefit.

He became more greedy. In counts 382 to 385, he provided his own bank account details on the income tax return of a client although the taxpayer had provided him with his own bank account details. This resulted in a refund that was due to the taxpayer being paid into the Schroeder's bank account. The monies were never paid to the taxpayer. The taxpayer discovered this when he visited SARS for information.

The various taxpayers who had their tax returns submitted by him, were subsequently audited and had to repay SARS the refunds which Schroeder fraudulently claimed.

Welcoming the sentence, Advocate Andy Hess said Schroeder placed taxpayers/clients in harm's way as they had to pay back monies to SARS where it was discovered that fraudulent activity took place in the submission of their tax returns.

"The taxpayers/clients, in their evidence, indicated that they trusted the accused and expected him to do the right thing. Most of these taxpayers are lay people who did not understand the tax system and were looking at him for his expertise and service. They suffered financial difficulties as they had to pay SARS for his actions. These expenses were not planned for and in some instances, they had to make loans to repay for his actions. Schroeder suffered no financial difficulty and at no point had he shown that he was willing to pay back these taxpayers/clients for the losses they had suffered as a result of his actions. In essence, he was the biggest benefactor of all the monies. Fees or commissions and refunds paid into his bank account was for his benefit and his benefit only. He did not pay monies to SARS nor did he pay monies back to taxpayers. His actions were motivated by greed."

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