



**19 March 2018**

Dear Commissioner Moyane,

1. Our discussion yesterday and your letter of today refer.
2. The work of the South African Revenue Service is critical to the fulfilment of the government's commitment to eradicate poverty, create jobs, build infrastructure necessary for the safety and health of our people and provide them with services.
3. Developments at the SARS under your leadership have resulted in a deterioration in public confidence in the institution and in public finances being compromised. For the sake of the country and the economy, this situation cannot be allowed to continue, or to worsen. As I indicated in my State of the Nation Address on 16 February this year, SARS is a vital institution in South Africa, and "tax morality is dependent on an implicit contract between taxpayers and government that state spending provides value for money and is free from corruption". It is in the public interest to restore the credibility of the SARS without delay.
4. Your obligations both in terms of the Constitution and the South African Revenue Service Act of 1997 warrant that the public interest be paramount in fulfilling the functions of the SARS and ensuring its integrity.
5. As I made plain to you, I have lost confidence in your ability to lead SARS. Your position is not one of any ordinary employee. Your obligation to be responsible for the performance of SARS and its functions impacts on the public purse and

therefore the wellbeing of the nation as a whole. This is an exceptional circumstance that requires urgent and immediate action.

6. With regards to the performance of your duties, I wish to cite two areas of particular concern:

6.1. in relation to Mr Makwaka, your delay in attending to this matter, your treatment of the report given to you by the Financial Intelligence Centre, listing his transgressions, and your failure to report this to the Minister immediately not only violated the FIC Act but also violated the provisions of section 195 of the Constitution which you are enjoined to fulfil in terms of section 4(2) of the SARS Act; specifically the maintenance of high standards of professional ethics, ensuring public administration is accountable, and being transparent to the public. You failed to provide related reports to the Minister of Finance, and only finally agreed to do so under pressure from the Standing Committee on Finance last week. You failed to maintain discipline at the SARS as required in section 9(2) of the SARS Act or to maintain an efficient administration. You have further and thereby failed in your role as an accounting officer for SARS. As a result, the SARS has been fundamentally jeopardised and has lost the confidence of tax-payers.

6.2. in relation to the management of VAT refunds, you have brought the SARS into serious disrepute, failed in your duties as accounting officer for the SARS and potentially jeopardised the integrity and viability of the SARS as collector of revenue for the State.

7. These are serious matters. They are recorded by such institutions as the Tax Ombud in its report of September 2017, and the Financial Intelligence Centre.

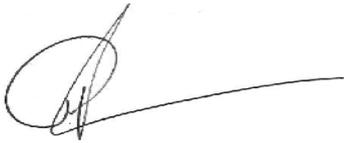
8. These are not ordinary circumstances. Protecting the SARS and by corollary the public interest must be my primary concern. As Commissioner of the SARS you hold a high position of trust in the management of our public finances. The disrepute in which you have brought the SARS and the government as a whole and the risk to the national Revenue Fund are enormous.

9. You have not been willing to acknowledge your failures or the magnitude of the consequences of your action.

10. I therefore have no choice, in the public interest, but to refuse to make the undertaking you ask of me in your letter of 19 March 2018. I wish to inform you that I hereby suspend you as Commissioner of SARS with immediate effect pending the institution of disciplinary proceedings against you.

11. Should you insist on instituting legal proceedings, kindly serve any papers filed at the State Attorney, Pretoria for our urgent attention.

Yours Sincerely

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by a long horizontal line extending to the right.

**MATAMELA CYRIL RAMAPHOSA  
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

**CC: Minister of Finance, Nhlanhla Nene**