

Sars and law enforcement unite to crush coal syndicates

On Thursday, 12 October, an extensive inter-governmental operation spanning five provinces aimed to dismantle a sophisticated criminal syndicate involved in coal smuggling, contributing significantly to the energy crisis and load shedding.



Source: [Pexels](#)

The South African Revenue Service (Sars) was the lead agency in the search-and-seizure operation because information became available regarding a host of tax crimes allegedly committed by members of the coal-smuggling syndicate.

"This success of the operation is due to exceptional inter-governmental co-operation and information-sharing under the auspices of the NatJoins

Energy Safety & Security Priority Committee tasked with unmasking and bringing to book the criminals that have caused economic hardship and personal hardship to all citizens of the country," Sars shared in a media release.

"It is due to such hard work, often behind the scenes, that leads to these investigative breakthroughs and ensures that South Africans can return to a lifestyle without load shedding. These targeted operations also help to prevent the loss of revenue to the fiscus, which in this case amounted to more than R500m."

The alleged coal-smugglers and their related entities are active and have a presence in: Gauteng; Mpumalanga; KwaZulu-Natal; the Free State and Limpopo.

The suspects targeted today include former Eskom employees who facilitated procurement fraud, as well as other individuals involved in the diversion of high-grade coal.

Coal-smuggling syndicate exposed

Sars managed to establish links between individuals and related entities and confirmed possible gross contraventions from a tax perspective in terms of:

- Non-registration for income tax, Vat and/or PAYE.
- Failure to submit tax returns.
- Under-declaration of income.
- Claiming undue Vat refunds.
- Making false submissions (fraud).

The sophisticated network of coal-smugglers is suspected to consist of local and foreign nationals.

Coal trucks destined for power stations are diverted to designated coal yards where high-grade coal is replaced with low-grade or sub-standard product. The high-grade coal is then exported or sold to willing buyers. The low-grade coal is often blended with scrap or other materials and then delivered to power stations.

The low-grade coal damages the infrastructure at the Eskom power stations, which is a major factor in crippling the power utility's ability to generate electricity for the South African grid.



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Sars commissioner, Edward Kieswetter commended the country's law-enforcement agencies for this massive breakthrough in ongoing investigations.

He said, "it is because of such naked greed that the country has experienced unprecedented load shedding, which harms business, undermines foreign direct investment and leads to job losses – all of which negatively affect revenue collection".

"All law-enforcement agencies must continue their aggressive fight against criminality, each according to its mandate. For its part, Sars will continue to pursue taxpayers involved in intentional and wilful non-compliance – without fear, favour or prejudice," Kieswetter said.

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