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Office of the  
Commissioner

Enquiries  
Thandi Mabaso

Email  
[thandi@sars.gov.za](mailto:thandi@sars.gov.za)

Telephone  
(012) 647 9373



South African Revenue Service

Pretoria Head Office  
299 Bronkhorst Street,  
Nieuw Muckleneuk, 0181  
Private Bag X923,  
Pretoria, 0001

Mr Y Carrim, MP  
Chairperson: SCoF  
Cape Town

Dear Mr Carrim

**RE: KPMG REPORT**

SARS hereby wishes to inform you that it is in receipt of the Norton Rose Fulbright letter acting on behalf of KPMG International dated 15 September 2017 received on the same date herewith enclosed.

SARS therefore wishes to register its dissatisfaction with the manner KPMG has dealt with the matter and wishes to report this to the Committee.

SARS is available should the Committee require further engagement on the matter.

Yours sincerely



**Tom Moyane**  
Commissioner  
Date: 18 September 2017

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15 September 2017

By Email: [Tmoyane@sars.gov.za](mailto:Tmoyane@sars.gov.za)

Mr Tom Moyane  
Commissioner  
South African Revenue Services

Dear Mr Moyane

**SARS Report / KPMG South Africa**

We act for KPMG South Africa and KPMG International.

We refer to the extensive document investigative review and collation of documentation that KPMG South Africa conducted for the South African Revenue Service in 2014 - 2015 (**Investigative Review**) and to the 'Report on Allegations of Irregularities and Misconduct' that KPMG South Africa produced as part of that engagement (**Report**). As you know, a version of the Report dated 3 September 2015 was leaked and made public on 4 October 2015.

KPMG International has conducted an investigation into certain matters involving KPMG South Africa, including the preparation of the Report. The investigation has established, among other things, that KPMG South Africa failed to appropriately apply quality controls in preparing the Report and the letters provided to you on 4 December 2015, both headed 'Executive Report on Allegations of Misconduct and Irregularities'. Accordingly, that part of the Report which refers to conclusions, recommendations and legal opinions should no longer be relied upon.

KPMG International will be issuing a public statement to this effect today.

In the circumstances, and notwithstanding the firm's extensive work on this engagement, KPMG South Africa offers to repay the engagement fee of R23 million to the South African Revenue Service. Alternatively, at the election of the South African Revenue Service, KPMG South Africa will donate this sum to a charity of KPMG South Africa's choice.

This offer is made on a without prejudice basis.

Nothing in this letter should be construed as suggesting that the Investigative Review was of no value to the South African Revenue Service.

**NORTON ROSE FULBRIGHT**

Norton Rose Fulbright South Africa Inc  
15 Alice Lane  
Sandton 2196  
South Africa

Tel +27 11 685 8500  
Fax +27 11 301 3200

Direct fax +27 11 301 3217  
PO Box 784903 Sandton 2146  
Docex 215 Johannesburg  
[nortonrosefulbright.com](http://nortonrosefulbright.com)

Direct line  
+27 11 685 8751

Email  
[tony.chappel@nortonrosefulbright.com](mailto:tony.chappel@nortonrosefulbright.com)

Your reference      Our reference  
KPM385/AJ Chappel

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Consultant: MS Ash JNR Caldwell PM Chene MR Gibson RJ Houbell AP Williams

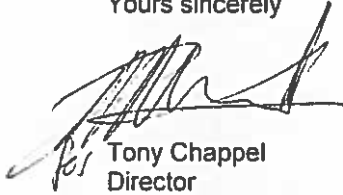
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15 September 2017

NORTON ROSE FULBRIGHT

Kindly acknowledge receipt of this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Chappel', with a stylized flourish extending to the right.

Tony Chappel  
Director  
Norton Rose Fulbright South Africa Inc