



# **The Only Way is Ethics The Dangers of Non-Disclosure**

*YOUR KEY TO THE TAX COMMUNITY*

# Objective of the Webinar

- Provide a comprehensive understanding of ethical dimensions in tax practice.
- Equip participants with practical tools to navigate ethical challenges confidently.

# Introduction



- Importance of ethics in tax practice
- Upholding the integrity of the profession
- Building trust with clients, colleagues, and the public
- Preserving the reputation of tax practitioners.

# The Ethical Landscape in Tax Practice:

- Ethical tax practices = eating healthily
- What we know we should do vs what we actually do
- The Code of Professional Conduct (theory) vs Real Life Scenarios (practice)
- Clients vs Compliance.

# State Capture:

- State capture tore South Africa apart
- Billions lost to the state and every aspect of SA society impacted
- Great impatience to see individuals and companies brought to book
- Number of persons and entities named in the Zondo report
- If we do not see successful prosecution, criminals will feel even more safe
- There must be consequences
- Even greater focus on professional persons and their conduct
- Hence the greater pressure to act against unprofessional conduct
- This is across to board for all professional bodies

# Rebuilding an Ethical Society:

The impact of state capture is far-reaching:

- Loss of investor confidence
- Collapse of infrastructure
- Exodus of professionals
- Exodus of Business people
- Shrinking tax base (lower revenue base for SARS)
- Risk of a failed state
- These are just some points – not all of them

THEREFORE SOCIETY LOOKS AT THEIR LEADERS AND PROFESSIONALS TO GIVE HOPE

# The Big Question:

Why is it so hard to:

1. Serve your clients' interests WHILE STILL
2. Upholding the law, AND
3. Maintaining the reputation of your profession.

# The Big Dilemma:

Do you:

1. Disclose honest results OR
2. Give in to client pressure and “cook the books” to:
  - a) Make the business look good for shareholders
  - b) Avoid paying tax
  - c) Funnel money into private accounts
  - d) Pay personal expenses.



# The Big Challenge:

What do you do when your client breaks the rules?

Concerns:

- Disclosure = Lost client
- Lost Client = Boss fires me
- Rationale: “If I don’t go along with it, another company will.”

Do you do what’s easy or what’s right?

# Tax Planning vs Tax Evasion: Don't Kid Yourself

Tax planning:

1. Legal
2. Structured transactions to lower your tax bill.

Tax evasion:

1. Illegal
2. Reduces tax bill via concealment or deceit.

# You Are Guilty Of Tax Evasion If You:

- Under-report or omit income
- Keep multiple sets of books
- Make false entries
- Claim false deductions on a return
- Claim personal expenses as business expenses
- Hide or transfer assets or income.

IF YOUR CLIENTS ASK YOU TO DO ANY OF THOSE,  
THEY ARE ASKING YOU TO COMMIT A CRIME!



# As a Tax Practitioner, it is beholden on you to:

- Say no
- Ask tough questions
- Make difficult decisions
- Stand up to your boss, colleague or client
- Make sure you're doing what is right.

# Tax Professionals/Practitioners Must:

1. Be a force for consistency and stability in their economies
2. Help employers and clients understand their fiscal and regulatory tax obligations
3. Advise clients on compliance
4. Ensure employers and clients understand available options
5. Comply with strict ethical regulations
6. Play an important role in combating tax evasion.

# Your role is to advance fiscal citizenship and nation-building for the common good of all South Africans:

- Cutting corners and breaching confidentiality are dangerous
- You cannot be a servant to two masters
- Resist external pressures and do the right thing at all times

Remember:

- Tax work is not just a technical skill
- It is a practice with societal impact that relates to the common good.

# Dispassionate Professional Jugement vs Personal Ethics:

A Tax practitioner should NOT:

1. Frame tax as a game to be won
2. Facilitate the compartmentalisation of ethics at work

Your professional beliefs must align with the need to protect the public interest.



# You Can Run For a While, But You Cannot Hide:

The South African culture of displaying wealth on social media makes it easy for SARS.

If you don't play by the rules, SARS is coming for your clients (and you).  
They do:

- Lifestyle audits
- Have powerful analytical tools
- Possible criminal prosecution
- Maximum non-compliance penalties

It's simply not worth the risk.

# Risks of Non-Disclosure Include:

- Financial penalties
- Reputational damage
- Losing your job
- Possible prosecution and jail time.

# When to seek external professional help:

- Unethical practices are not a sustainable way to ensure business growth.
- At JGL, we help businesses create the right context for ethical and sustainable practices.
- It's all about pressure vs consequences.
- Ethical practice is the only sustainable and legal route to profitable business growth.

# How do we do this?

## Proactive training and ongoing awareness of risks:

We help you:

- Set up frameworks to prevent and detect fraud
- Manage governance and business ethics in a more structured way
- Teach you how to identify and respond to red flags

# We are a tool in SARS' toolbox Not a weapon in their arsenal:

We want to help you be proactive in preventing crimes,  
not a big stick to punish you.

We currently cover:

- Due diligence (internally and externally)
- Human resource verification
- Supplier verification
- Client verification
- Commercial and entity verification
- Employment, education, and asset verification.

# JGL Forensic Services

## Where Integrity and Business Meet



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