

RONALD BOBROFF & PARTNERS INC.

**RESPONSE TO SARS' REQUEST FOR INFORMATION ON DIVIDENDS PAID
DURING THE 2013 AND 2014 FINANCIAL YEARS**

1. Introduction

This submission is made in response to a telephone discussion between Mr. Eben Schoeman of SARS and Andrew Fischer on 25 August 2017 in respect of dividends declared and paid to the shareholders during the 2013 and 2014 tax years.

The submission below should be read in conjunction with the tax returns filed with SARS via e filing for the years in question.

2. Dividends paid during 2013

During 2013 Ronald Bobroff and Partners Inc. ("RBP Inc.") declared dividends in the amount of R 25,000,000.

The process for the payment of the dividends to the shareholders was as follows:

- On 14 May 2013, an amount of R 25,000,000 was transferred from the business account of RBP Inc. to the so-called "trust account" of the then auditor of RBP Inc. Mr. Andre van der Merwe;

- Van der Merwe was instructed to pay dividends to the shareholders in the amount of R 25,000,000 after deducting the relevant tax thereon;
- On 17 May 2013, Van der Merwe made payments to the three shareholders in the following amounts:

S. Bezuidenhout	R 5,312,500
D.R. Bobroff	R 5,100,000
R. Bobroff	R 10,837,500
Total	R 21,250,000

The balance of R 3,750,000 was earmarked for payment to SARS, being the dividend tax of 15% on the total dividend of R 25,000,000. Attached please find a statement from van de Merwe in which he alleges that payment of R 3,250,00.00 was made to SARS on behalf of RBP Inc.

3. Dividends paid during 2014

During 2014 RBP Inc. declared dividends in the amount of R 33,235,000.

The process for the payment of the dividends to the shareholders was as follows:

- On 20 March 2014, an amount of R 4,000,000 was transferred from the business account of RBP Inc. to the so-called “trust account” of Van der Merwe;
- On 8 April 2014, an amount of R 6,600,000 was transferred from the business account of RBP Inc. to the so-called “trust account” of Van der Merwe;
- On 19 May 2014, a further amount of R 24,000,000 was transferred from the business account of RBP Inc. to the so-called “trust account” of Van der Merwe;

- Based upon the records made available to the directors of RBP Inc. by Van der Merwe at the time, the directors believed that there were substantial funds being held in “trust” by Van der Merwe (certainly more than was necessary to pay dividends and dividends tax on a gross dividend of R 33,235,000);
- On 28 May 2014, Van der Merwe made payments to the three shareholders in the following amounts, representing payments of dividends and repayments against loan accounts:

S. Bezuidenhout	R 8,237,055
D.R. Bobroff	R 4,352,014
R. Bobroff	R 16,310,931
Total	R 28,900,000

Again, Van der Merwe was left with a substantial funds to pay the dividend tax in the amount of R 4,985,250 to SARS.

4. Conclusion

Van der Merwe repeatedly assured the directors of RBP Inc. that all dividend taxes and other taxes had been paid to SARS as required by law. In his position of trust as auditor to RBP Inc. the directors never felt the need to question his statements to them regarding issues with SARS.