

Hudaco 'objects' to its taxes

Hudaco Industries advised on Tuesday (12 February) that assessments have now been received from SA Revenue Services (SARS) for the financial years 2007 to 2011.



On 31 January, in its annual results, Hudaco advised that SARS had indicated that it intended taxing the group on certain aspects flowing from the implementation of its BEE structure. As stated in the announcement, senior counsel indicated that Hudaco's case will stand up to scrutiny.

This positive view was expressed even though the communication from SARS referred to other arrangements connected to the structure which were apparently ascertained by SARS from third parties and about which Hudaco previously had no knowledge.

"Reasons have not yet been provided by SARS but it seems that they are not attacking the BEE transaction itself, but the other arrangements entered into by third parties without Hudaco's knowledge," it said on Tuesday (12 February).

The amounts assessed by SARS are as follows:

- Tax on re-categorised interest, R279m,
- Tax on Hudaco as it allegedly became entitled to an amount because of the security arrangements, R143m,
- Impact of STC credits disallowed, R72m,
- Interest, R446m,
- Penalties, R987m.

"Hudaco is confident of refuting the assessments, and will lodge an objection and pursue all appropriate legal remedies, including application for a deferral of payment until the matter has been resolved," the company said.