**PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NO: 2334**

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**Mr C Mackenzie (DA) to ask the Minister of Telecommunications and Postal Services:**

1. With reference to the R149 107 000 incurred for fines and penalties listed in the SA Post Office’s 2015-16 Annual Report, ( a) which entities levied the fines and/or penalties, (b) what are the respective amounts and (c) what was the reason for each penalty and / or fine incurred.
2. Whether any of the specified penalties and/or fines have been recovered; if not, in each case, why not, if so, in each case, (a) from which entity were the penalties and or/ fines recovered and (b) what amount was recovered in each case?

**REPLY**

**I have been informed by the South African Post Office (SAPO) as follows:**

1. (a) The entities that levied penalties are the Payment Association of South Africa (PASA) and Telkom.
2. The total amount of penalties incurred was R1 million. The remaining R148 million of the R149 million in question relates to a provision for possible VAT liability.
3. The penalties were levied due to late payment by SAPO and this was due to constrained cash availability.
4. (a) and (b) No specified penalties and/or fines have been recovered because there is no basis for the recovery. The penalties were levied on amounts for which work was done for SAPO. In the case of PASA, the organisation regulates banking and card transactions on behalf of the South African Reserve Bank (SARB). In the case of Telkom, the entity rendered telephony and data services to SAPO. In the case of provision for a possible VAT liability, SAPO has made the calculation based on a worst case scenario in terms of the VAT Act and it has requested the directive from the South African Revenue Services (SARS) to obtain certainty on the assumptions to be made in the calculations.