

## **TAXMAN & GARNISHEE ORDER: DANGEROUS COMBINATION: By Jonathan Hore**

The taxman calls John and he cuts his phone. He does not want to be troubled anymore with reminders that he should pay the P 800 000 tax debt he owes. John has been ignoring the last three demand letters that the taxman sent and he is really enjoying his newly found game; i.e. hide and seek with Mr Taxman. John however has P 600 000 sitting in his bank account and P2m sitting with his debtors. Well, the taxman somehow knows that the bank and John's debtors owe him those sums of money but at the moment they keep calling him.

This week, the taxman called again demanding payment of his tax and John changed his Mascom line to an Orange one. Somehow the taxman found out John's new Orange number and called again. John got irritated and he changed from Orange to a BTC line. What John doesn't know is that he is dealing with a persistent taxman who called thirty minutes ago. John has just decided to use a new Mascom number. John is a good player who can do anything to avoid paying taxes. He is a veteran at his game. Well, I want to write to all Johns out there and show them whether or not their games are really smart. In this article, words importing the masculine shall be deemed to include the feminine.

### **TAXMAN CHASES TAX DEBTS**

It often happens that taxpayers try all they can to avoid paying taxes. They play hide and seek and become very difficult to get. Well, the taxman has a dedicated team of tax collectors sitting in a section called Debt Management. By this, I mean that these taxmen work up to chase debts and that is their daily work. The following are some of the methods that the taxman uses to chase debts:

- **Calls:** The taxman may call you and advise that you owe him and that you need to pay. If you do not have online access to your statements, he may post, fax or email you the tax debt or statement.
- **Tax statements:** The taxman can post tax statements to a taxpayer who owes him and he usually does this without any other accompanying letter. A tax statement is simply a summary of all the transactions that occurred and led to the amount that a taxpayer would be owing at any given time. It is not different from a statement that any other organization such as your credit store would send you. Even though there is no letter accompanying that statement, it is simply a clear and loud shout from the tax office that they need their money.
- **Demand letters:** The taxman may also send demand letters, in which he demands payment of tax by a stated date. For the taxman, the tax he assesses is due as soon as possible or where there is time prescribed by the applicable law, as soon as that time lapses. Demand letters are a serious reminder and payment of the total is usually required.

### **THE 'JOHN' GAME & GARNISHEE ORDER**

If you play hide and seek with the taxman, you will simply be buying time but not solving your problem. The tax debt is money owed to the Government of Botswana and you may need to know that the taxman has one very dangerous tool that he uses on those who play the 'John' game. This tool is called a garnishee order. Where the taxman discovers that the taxpayer belongs to John's club, he will place a garnishee order on anyone who holds moneys on the taxpayer's behalf. The first port of call is your bank. Remember I stated

above that John owes P 800 000 and has P 600 000 in his bank account. The taxman will first place a garnishee order on the bank and that order simply instructs the bank manager to pay the P 600 000 to BURS. John's consent or approval is not even necessary. The bank may just call John as a courtesy but it does not have an option but to pay the taxman the P 600 000. John may shout and flex but that won't help as the taxman is backed by the law to do so.

Secondly, the taxman can go after John's debtors and also place another garnishee order on them. This means that John's debtors will not pay him his dues until they take P200 000 to BURS; again without John's approval.

### **HOW DO I AVOID GARNISHEE ORDERS?**

The best way to avoid the garnishee order is to respond positively to demands for tax payments from the taxman. If the amount is too heavy for your comfort, then arrange a payment plan. If the amount arises from penalties, then get a tax consultant to assist you with waiver of some or all of the tax penalties. Interest usually causes tax debts to swell significantly and this may also be waived if you seek professional advice.

Well folks, I hope that was insightful. As Yours Truly says goodbye, remember to pay to Caesar what belongs to him and avoid playing the games that John plays. A garnishee order may soon sit on your bank account and you may have bounced cheques, unhonoured stop-orders etc.