Tax evasion

- Criminal offence
- For e.g.
  - a taxpayer omits income from his annual tax return
  - Takes “hot money”

Tax avoidance

- Perfectly legal
- For e.g.
  - A taxpayer donates an interest-bearing investment of R100 000 to his major child
- Can be attacked under
  - GAAR or
  - Specific anti-avoidance

Compliant

- Perfectly legal
- No schemes or transactions are undertaken to reduce tax
The difference between tax avoidance and tax evasion is the thickness of a prison wall.

(Denis Healey)