



Media release

16 MAY 2019

Jail time for dodgy labour hire operator

A Mildura man was sentenced to six month's jail in the County Court of Victoria for Pay as You Go Withholding (PAYGW) fraud relating to illegal phoenix activity in the labour hire for agriculture industry on Wednesday, 15 May 2019.

Suleyman Erdogan, 51, was convicted after the Australian Taxation Office (ATO) found he had used phoenix behaviour to illegally fail to remit more than \$664,000 in PAYGW from his forty nine employees to the ATO.

Mr Erdogan also arranged for more than 136 false income tax returns to be lodged on behalf of forty nine of his employees. Many of the tax returns were lodged on behalf of people on working holiday visas using identities of former employees who had departed Australia. In total, \$187,994 in tax refunds was paid.

As the director of labour hire firm, Sunraysia Harvesting Contractors Pty Ltd (Sunraysia), Mr Erdogan offered farm work including fruit pruning, picking and packing services to various locations around Queensland and Western Australia.

With the help of Mrs Samantha Toffoletti, a financial services advisor at SME's R Us Pty Ltd, two shell companies were registered; Danood and Jameron; to sub-contract the services of Sunraysia. Danood operated from October 2011 to September 2012 and Jameron was used from November 2012 to July 2013. A third shell company, Kigra Pty Ltd was later established in July 2013 to replace Jameron.

The ATO investigation found the shell companies were registered to take on the liability of tax for the employees of Sunraysia with a total of \$664,711 in PAYGW tax owed to the ATO. The investigation also found no Business Activity Statement (BAS) had been lodged, and no PAYGW tax had been withheld or remitted to the ATO by Danood or Jameron for the tax years 2012, 2013 or 2014.

Mrs Toffoletti was also convicted at the County Court of Victoria with immediate release on an eighteen month good behaviour bond with surety payable of \$800, for dishonest use of her position as an employee of SME's R Us Pty Ltd.

ATO Assistant Commissioner Peter Vujanic said while some people viewed tax crime as victimless, this couldn't be further from the truth.

“Contrary to popular belief, tax crime is not victimless. By deliberately defrauding the tax and super system including claiming a refund you’re not entitled to, you are stealing from the whole community and disadvantaging Australians who do the right thing.

“This case shows a deliberate act to attempt to defraud the tax and super system. Mr Erdogan purposefully engaged Mrs Toffoletti in a calculated attempt to evade his tax liabilities and subsequently defraud the tax system.

“Today’s result demonstrates the ATO’s commitment to detecting and prosecuting tax crimes and should serve as a warning to those who think they can flout the law and get away with it.

“The ATO takes its responsibility to protect the tax and super systems seriously. This case should serve as a timely reminder that we will take determined action when necessary, even if this means pursuing you in the criminal judicial system.”

Mr Erdogan was sentenced on the following charges:

- Two charges of dishonestly causing a loss to the Commonwealth contrary to section 135.1 (3) of the Criminal Code (Commonwealth).
- One charge of dishonestly obtaining a gain from the Commonwealth contrary to section 135.1 (1) of the Criminal Code (Commonwealth).

Mrs Toffoletti was sentenced on the following charge:

- One charge of dishonest use of her position as an employee of SME’s R Us Pty Ltd contrary to section 184 (2) of the Corporations Act 2001.

If you have any information which may indicate tax fraud or evasion, find out how to report it by visiting ato.gov.au/reportaconcern.