

# **IOTA Forum on Combating VAT Fraud**

**“VAT fraud cases: early  
detection and prevention”**

**VAT fraud using missing traders  
and fictitious invoices**

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**Hybrid Forum Meeting**  
**Sarajevo, 11-12 June 2025**





# Main points

- Background
- The case
- Overview of the transactions
- Summary
- Ongoing developments in Romania for the fight against VAT fraud





# Background

- Particular attention to missing trader VAT fraud
- Missing trader VAT fraud can take different forms and may vary in magnitude



**VAT FRAUD**





# Background

During specific audits, The General Directorate for Fiscal Anti-fraud discovered VAT-fraud connected to fluorinated gases (F-gases) trade



## Steps taken

Analysis of supply chains: identify the missing traders and fraudulent circuits

Evaluation of the fraudulent scheme

Identification of the final beneficiary



# Background

- F-gases, also called hydrofluorocarbons (HFCs), come in several types, some of which are very toxic (harmful impacts on health and environment)
- F-gases are known under the commercial name of freon
- F-gas Regulation (EU) No 2024/573

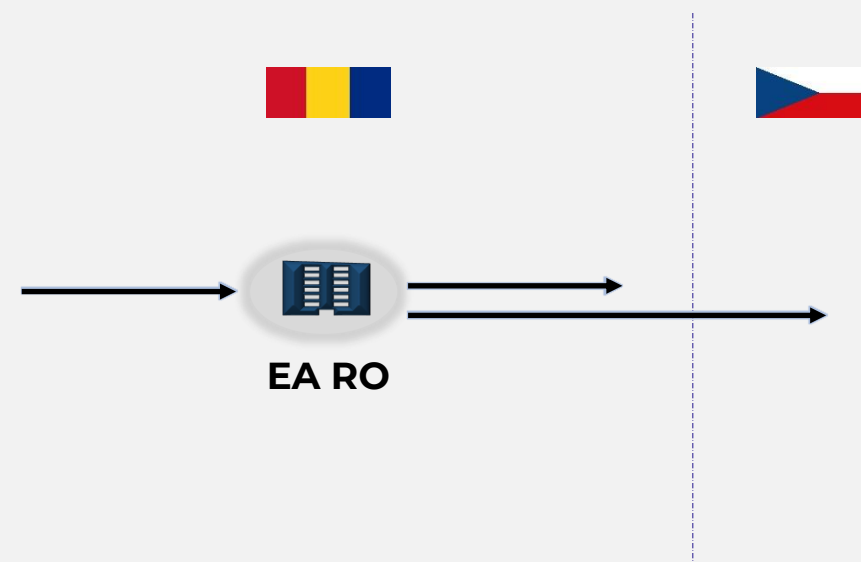
- F-gas Portal is the European Commission's centralized online platform designed to implement the HFC quota phase-down, manage import and export requirements provisions, and facilitate reporting obligations under the F-gas Regulation (EU) No 2024/573
- Special attention to combating the illegal trade of F-gases, as Romania was identified in the past as a gateway for illegal freon entering the EU



## The case

- In the period between January 2023 to December 2023, one Romanian company EA RO, operating an LPG station as its main activity, reclaimed large sum of input VAT
- During the audit, it was discovered that EA company was also involved in the trade of freon

- According to VAT returns and VIES data, EA RO declared buying goods from Romanian suppliers (no IC acquisitions) and selling to customers in Romania and other EU countries (zero-rate of VAT applied)

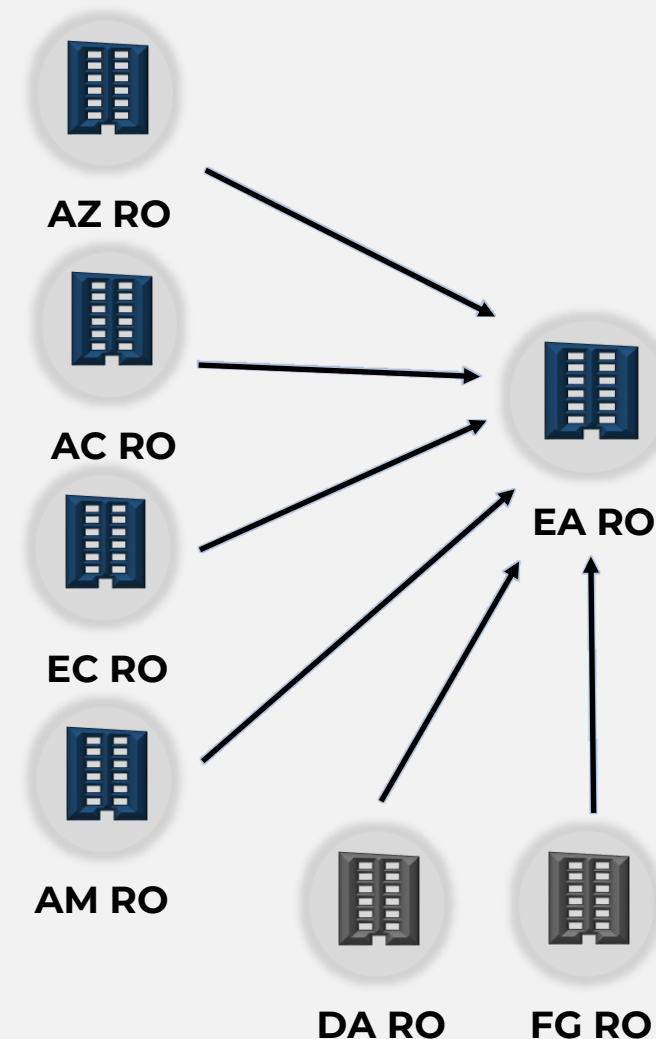




## The case

- The legal representative of EA RO stated that the freon was purchased through an online platform and, mainly, from other domestic suppliers:

- AZ RO
- AC RO
- EC RO
- AM RO
- DA RO
- FG RO

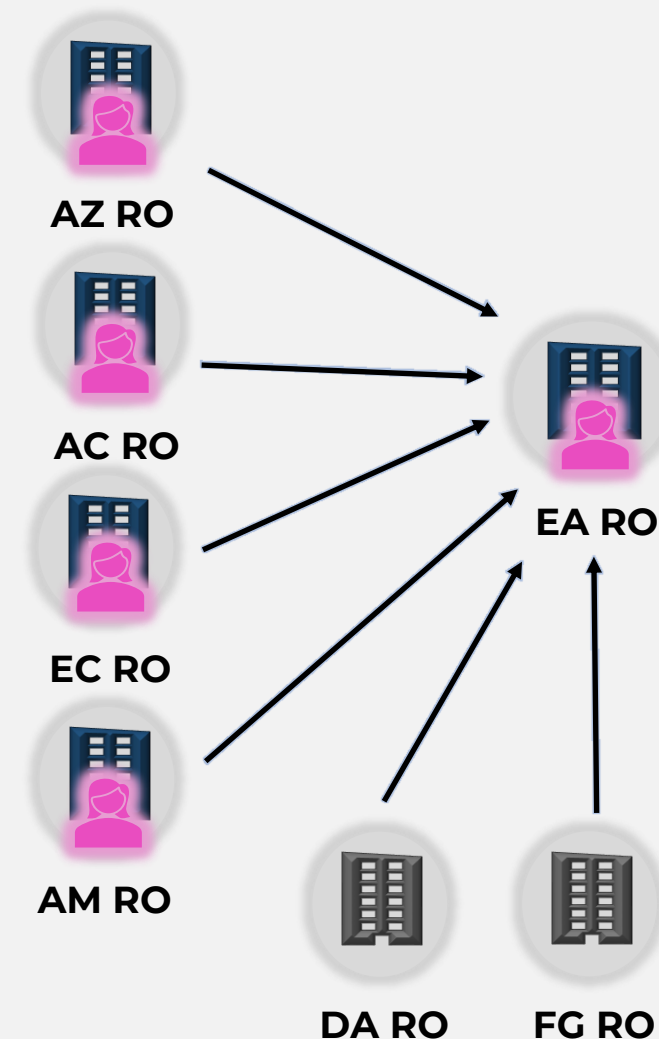






## The case

- The audit was extended to suppliers AZ RO, AC RO, EC RO, AM RO, but also to DA RO and FG RO
- The domestic suppliers AZ RO, AC RO, EC RO, AM RO were controlled by the legal representative of EA RO

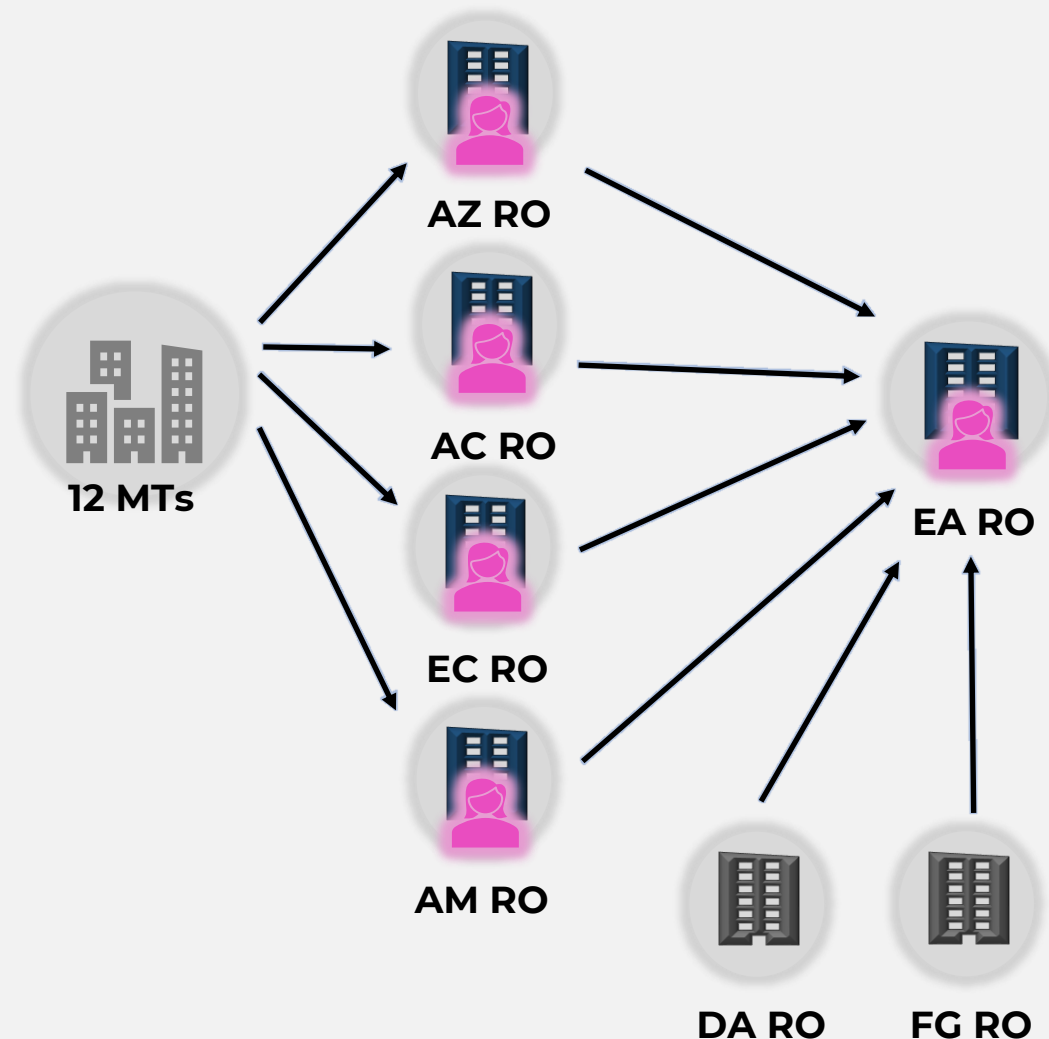






## The case

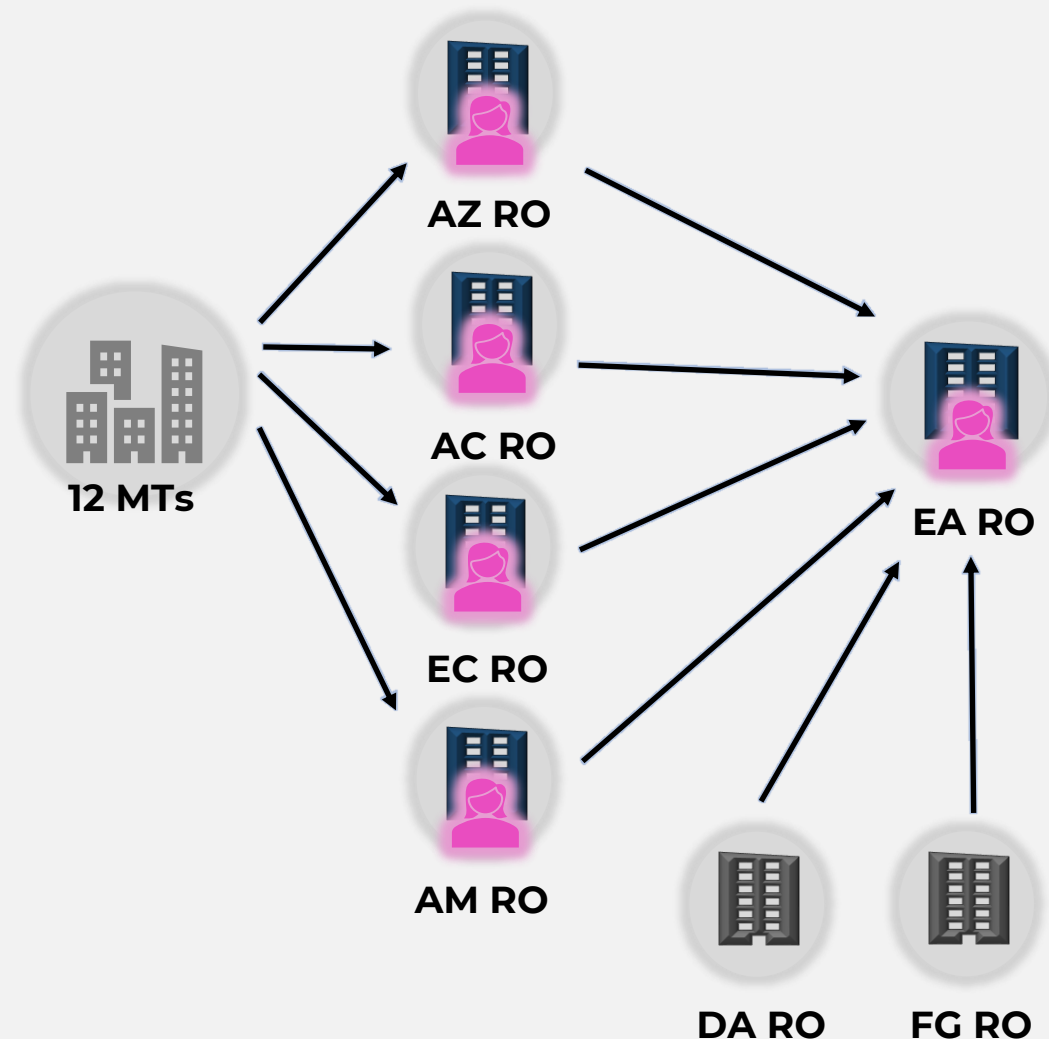
- According to the accounting records of AZ RO, AC RO, EC RO and AM RO, the freon was purchased from a number of 12 companies, so the audit was extended
- The 12 companies could not be found for an on-site audits





## The case

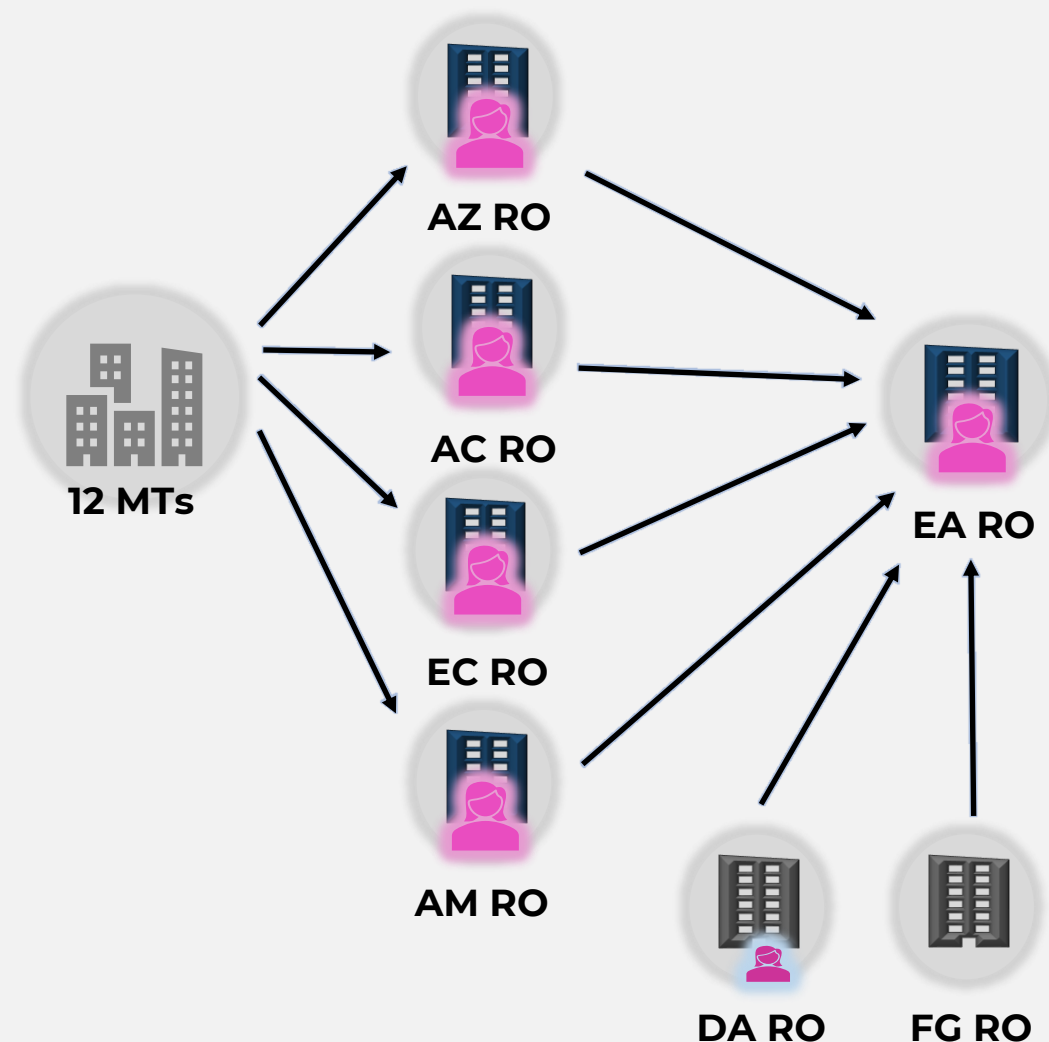
- The 12 companies did not have personnel, equipment or assets
- It was not possible to establish that they had the necessary resources to have made the supplies invoiced
- Information supporting that the 12 companies issued fictitious invoices





## The case

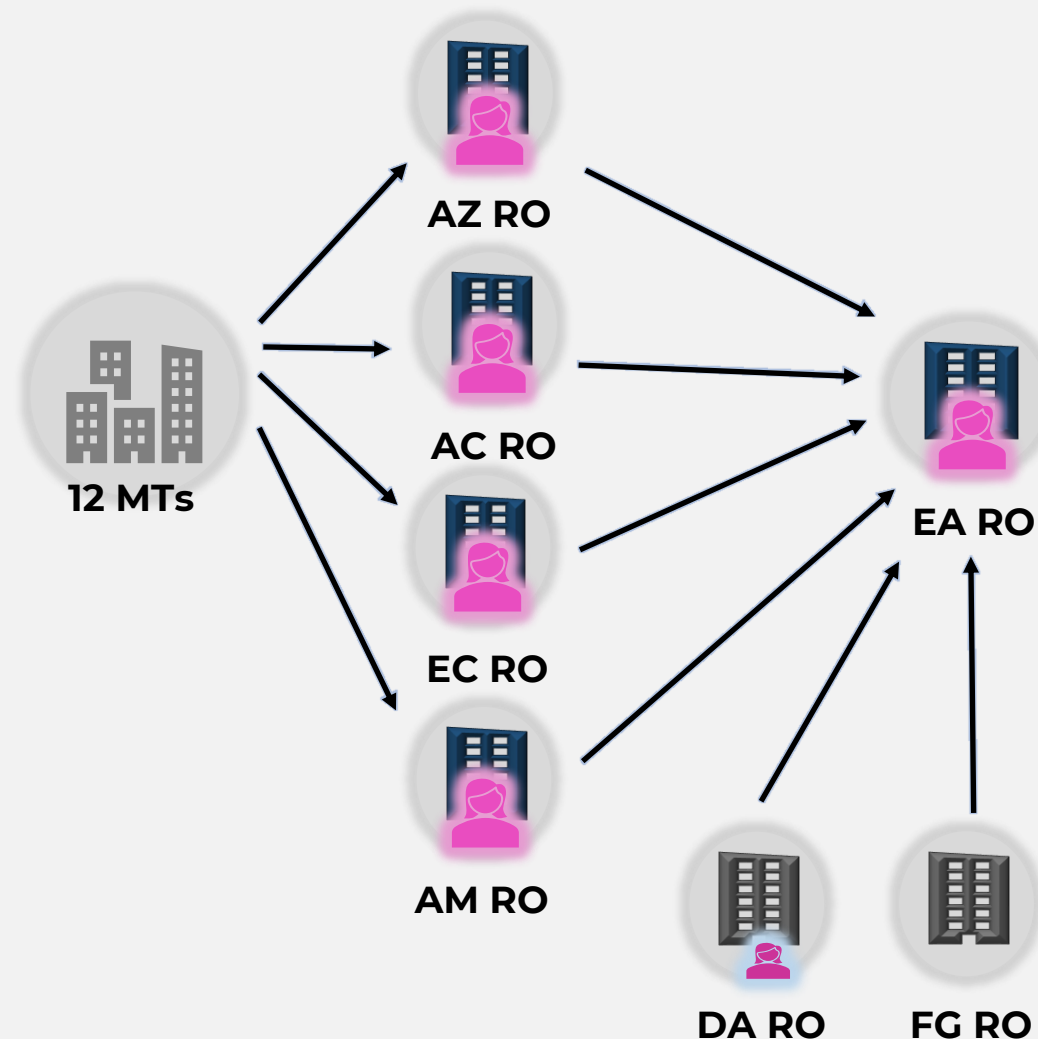
- The audit carried out at DA RO company revealed that the legal representative of EA RO was previously an employee of the DA RO
- The DA RO company had large amount of unpaid tax debt, currently insolvent
- The declared acquisitions of goods were insignificant in value compared to the declared deliveries





## The case

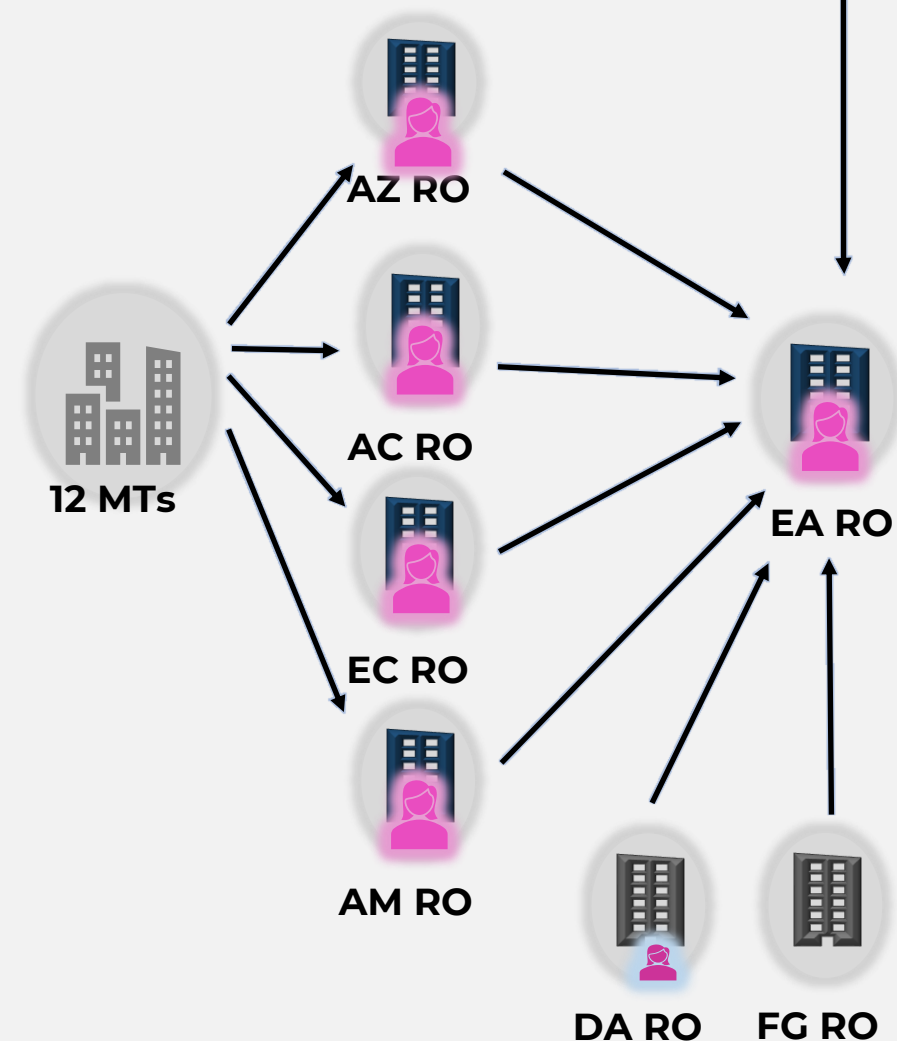
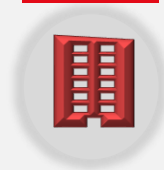
- The FG RO company could not be found for an on-site audit
- FG RO does not have the personnel, equipment or assets that would be required to provide the goods, not possible to establish that the company had the necessary resources to have made the supplies invoiced
- Undeclared deliveries to EA RO





## The case

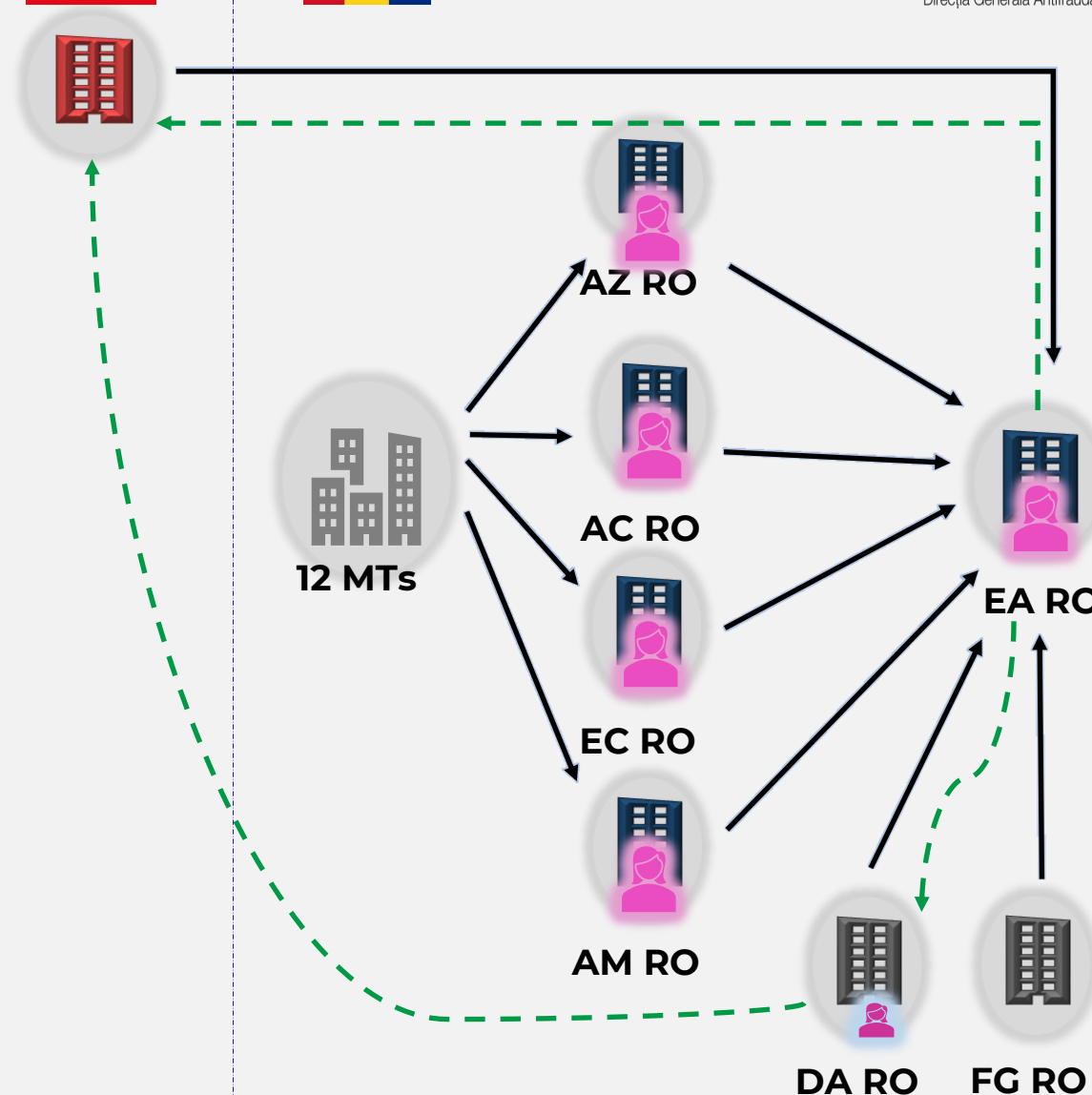
- According to accounting records of the EA RO company the freon was also purchased from a number of 3 non-EU companies
- No custom declarations for the imports of goods, no proof of import VAT payments, but the right to deduct input VAT was exercised





## The case

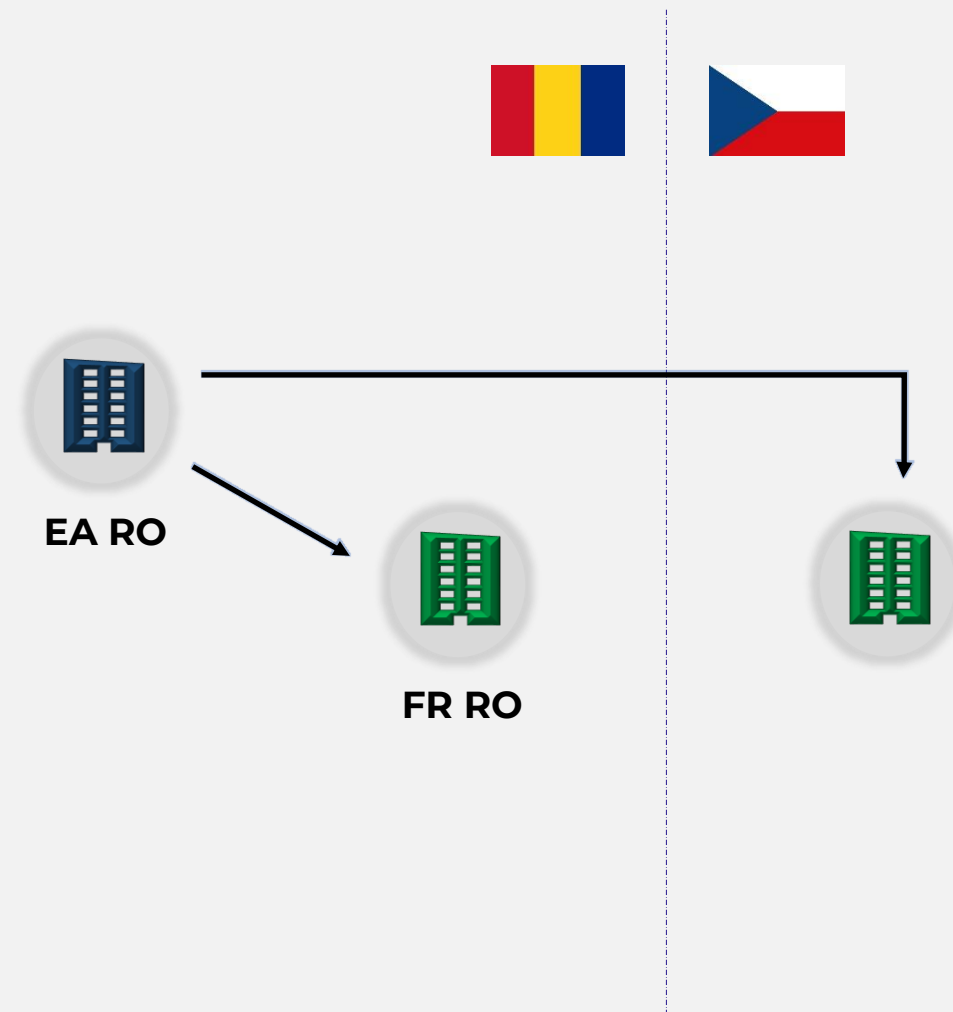
- The external invoices had been paid by bank transfer, but the amount paid exceeded the invoiced amounts
- To justify the amount paid in excess, EA RO submitted a sale contract for a property in Istanbul, but no property was purchased
- The audit revealed amounts paid by bank transfer from the company EA RO, on behalf of the company DA RO





## The case

- In the period between January 2023 to December 2023, the EA RO company declared domestic supplies to one Romanian company FR RO and IC supplies to a company located in another MS (zero-rate of VAT applied)
- The information received from Tax Authority in Czech Republic confirmed the IC supplies declared

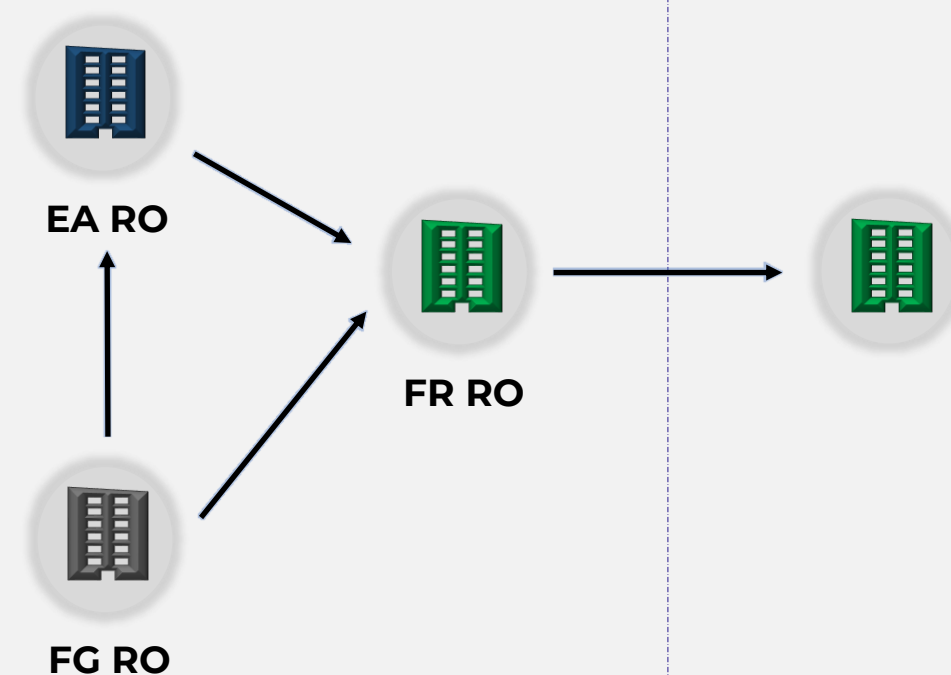


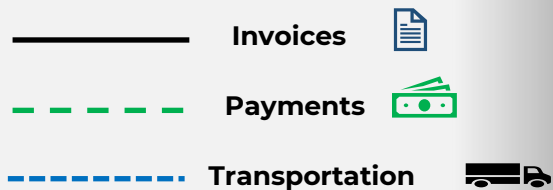




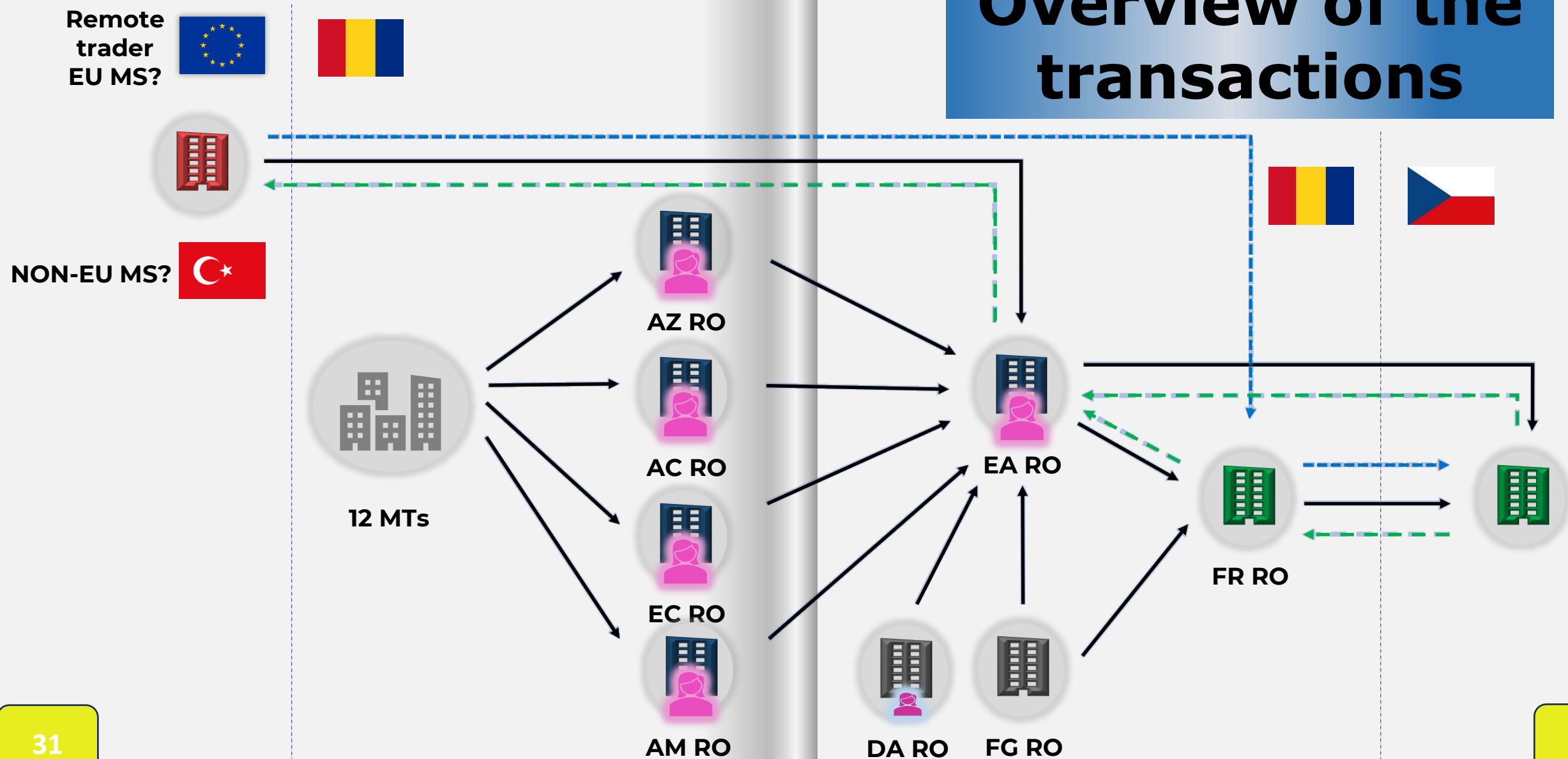
## The case

- The final beneficiary: FR RO declared IC supplies to a company located in another MS (zero-rate of VAT applied)
- The information received from Tax Authority in Czech Republic confirmed the IC supplies
- FR RO declared only domestic acquisitions from EA RO and FG RO (no IC acquisitions and no imports declared)





# Overview of the transactions





## Summary

- The investigation shows that FA RO did not buy freon from Romanian suppliers, as declared in VAT returns
- In fact, the freon was delivered to FR RO, but the supplies were not carried out by the companies referred to on the invoices
- The EA RO company and the six undertakings are not authorized to trade freon

- The information obtained during the audits supports the fact that invoices of those six companies are fictitious
- 'Missing trader' schemes were used to avoid the payment of the VAT
- 1 million euros loss in VAT
- The precautionary measures were instituted and the criminal prosecution bodies were notified



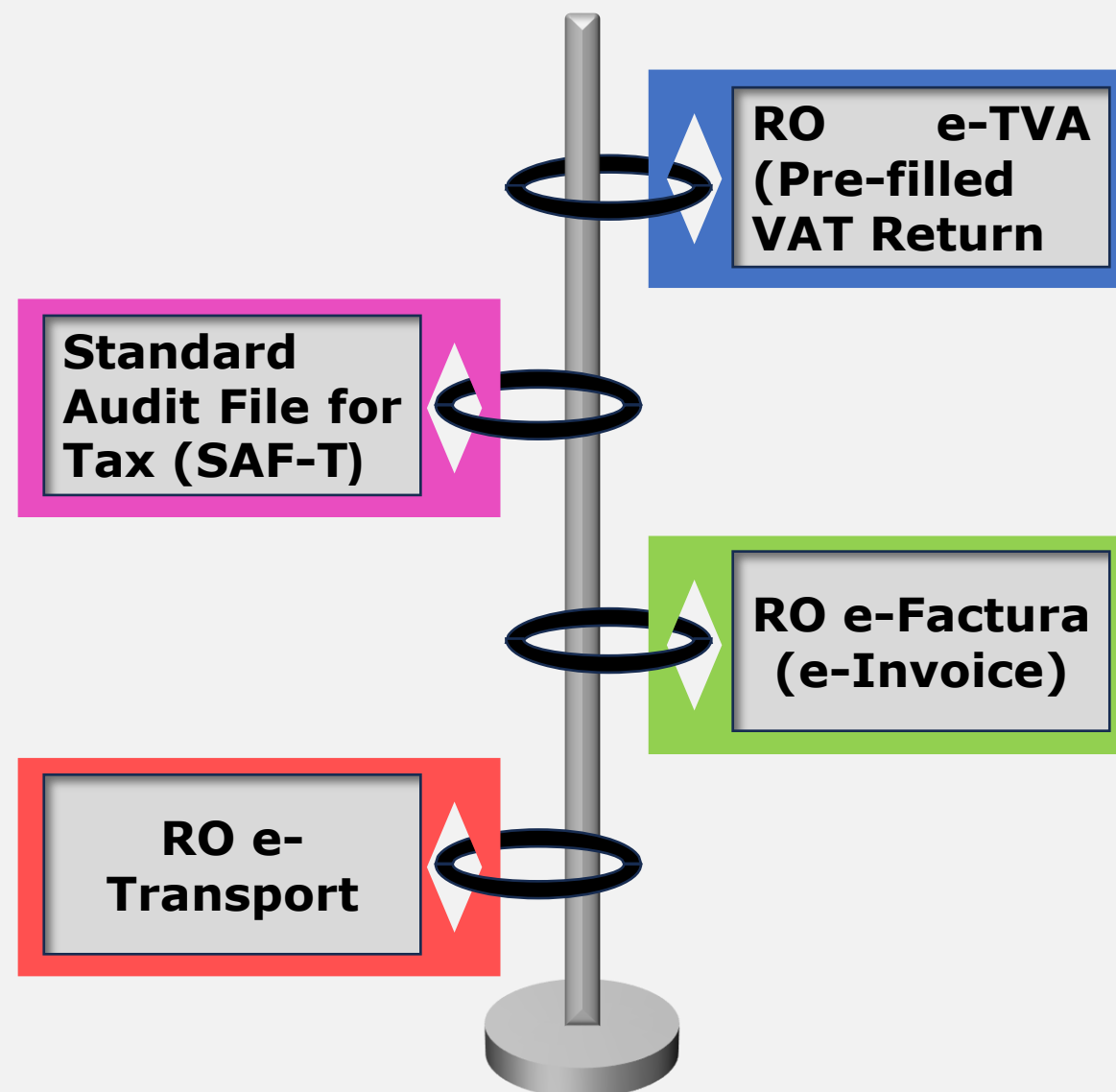
# Ongoing developments in Romania for the fight against VAT fraud



- No one-size-fits-all solution to fraud and tax evasion
- The experience of other countries where the VAT gap was reduced significantly shows that digitalization of the tax administration is one of the best practice
- Digitalization is one of NAFA's priority



# Ongoing developments in Romania for the fight against VAT fraud





# Ongoing developments in Romania for the fight against VAT fraud

## RO e-Transport

Designed to monitor road transport of goods, was initially implemented on July 2022, targeting high-fiscal-risk shipments. Starting December 2023, Its scope expanded to include all international road transport of goods

Implemented since July 2022 for B2G transactions

Mandatory for all B2B transactions in Romania, starting January 2024.

## Standard Audit File for Tax (SAF-T)

Implemented starting August 1<sup>st</sup> 2024

A penalty-free soft launch period extends from August 2024 to January 2025

## RO e-Factura (e-Invoice)

Mandatory for large taxpayers from 2022 and for the others from 2023 (medium taxpayers, banks, insurance companies  
Respectively for small taxpayers from 2025

## RO e-TVA (Pre-filled VAT Return)



**Thank you for  
your attention!**