

First question: Is to please share with your colleagues any new or significant trends of fraud or innovative fraud schemes that you think could be beneficial in the fight against that fraud.

And possibly worth sharing with everybody in case they've come across it. And I'd probably also say any counter measures that you may have for either identifying or tackling the fraud scheme.

(1)

Attack in 2019 – 2021 – reverse charge on mobile phones.

Persons still in the country, but just harder to find? The pattern is that we have to cooperate

The frauds are still the same.

The way to combat this is to cooperate and even with the countries that don't have the attacks on going. We have to be able to see the bigger picture because fraudsters will come back in one way or the other and we are afraid of that. They will come back with other commodities.

So if we tackle one commodity, the fraudsters will use another.

They have a tendency to move on if they can.

One of the commonalities tended to be high value sort and low weight, small type goods of any description really rather than things that were very hard to move.

fraudsters sell this concept of a carousel fraud as money laundering, crime as a service to others. So they will have to find something else and another country.

Sad in a way to see that what was happening in early 2000s is still the same, or it's very similar problem now.

(2)

All fraud is more sophisticated and cross border.

Latvia continues to see the margin schemes. Abuse of the emerging scheme.

Some businesses manipulate the region of vehicles and falsify purchase documents and.

Fraudsters apply this margin scheme incorrectly and it allows them to reduce or avoid VAT.

That gives a loss of revenue in these cases.

There is also a threat of the fictitious invoices for services company.

The Companies receive fake invoice from missing traders and increase VAT returns for the company, the services are real suppliers are not.

Fraud on platforms such as Amazon – where companies sell to each other, but no one pays VAT.

Goods are moved through a chain of companies across the European Union, each selling to the next without VAT, because this is intercommunity. Also these goods are sold to a private consumers through Amazon, and no one pay taxes.

Latvia has good experience with the follow up of these actions – in cooperation with Estonia and Finland – they all stopped the chain in Latvia. Of course fraudsters continue work in other countries. Because of the sales on platforms, it is hard to find the real owner. Estonia – has registered the company, but it closed, and a new one started to work.

There are cases where Amazon is liable for the VAT. Within the EU rules on VAT at the moment it could be that anything that makes potentially Amazon liable for the VAT on the goods sold if the company doesn't declare VAT at the end.

The question is if there actually is deliberate VAT fraud by selling on platforms like Amazon, or it is a question of not knowing the rules.

Cases where declarations are changed and bank accounts are also changed just before limitation period. Fraud where fraudsters get a hold of registration numbers and make VAT fraud on behalf of an unknowing company. Can also be used when declaring goods from 3 countries.

In England as in Denmark if the business selling to consumers is outside the UK and selling through Amazon, Amazon is liable for the VAT. In England if the seller is based in the UK and does not supply a VAT number to Amazon, Amazon also here is liable for the VAT.

The question was asked if goods within the EU – to EU-harbors – fiscal warehouse was a problem. Some countries state that it could still be a problem, but in Latvia some departments are working with these cases. Selling goods very rapidly has always been a problem.

Besides Martin Schemes and electronic schemes, Germany has now found that also Sucker and spices have become carousel fraud.

Also used for fraud is boxes from China, that is made for iPhones, but contain tiles or other worthless goods.

We can conclude that what was happening early 2000s is still the same, or it's very similar problem now.

Second question: What challenges most urgent in the fight against VAT fraud.

- It is a good idea to joint strategies.

Focus on early measures we can do. The moment the money is paid out, or the money will be gone. Another strategy reveal and investigate – and put someone in jail.

Two joint strategies – connections.

Better more effective rapid control. More effective investigation and punishment. Registration – de registration is hard – fraudulent company.

Preventing getting money from the government. And preventing Hi-jackings of a valid VAT number.

Be vigilant about companies that starts out on the right side, but becomes fraudulent after.

Registration – cancelling is one of the best methods to combat fraud. Hard to commit VAT fraud without a VAT number.

Another challenge – differences in legislation.

- The need for rapid Response.
- The need for Cooperation.
- Quick and correct information from another country.
- Focus on information needed.

In some countries bank statements takes up to 3 months to get, a lot of fraudulent companies are gone after 3 months.

MLC is an effective tool. Good connections with central liaisons officers. Ability to exchange information effectively. Special focus on Carousel frauds are outside the EU.

E-invoicing – a very good tool – but all the information must be monitored – the whole EU-transactions over the border should be digital with E-invoicing. In real time. Be able to handle the information. Similar ways – to exchange the right information – standard.