BACKGROUND NOTE

<table>
<tr><td align="center">IOTA Digital Workshop
"Use of Alternative Payment Systems in Cross-Border VAT Fraud Schemes"</td></tr>
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Digital Event via Microsoft Teams</td></tr>
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BACKGROUND

Cross-border VAT fraud, often linked to organised crime, exploits differences and loopholes in international VAT rules. Perpetrators use both traditional financial channels and **Alternative Payment Systems (APSs)** to hide, integrate and move illicit proceeds across borders. New APS technologies increase speed and convenience but also expand opportunities for concealment and rapid value transfers. Existing information-sharing and investigative tools are often too slow or limited for today's volume and complexity of transactions.

In 2023, **the IOTA Forum on Combating VAT Fraud** started a project aimed at better understanding of APSs enable cross-border VAT fraud and identifying ways to counter these threats. The Project produced a Report, which was published [on the IOTA website](#) in November 2025, consisting of:

- An online survey of IOTA member countries mapping APS involvement in VAT fraud;
- Ten real-life case studies showing how different APSs are exploited;
- Detailed analyses of large datasets from two cases showing methods to detect suspicious patterns;
- A compilation of national good practices to support knowledge-sharing;
- Conclusions and actionable recommendations.

Given the urgent and evolving role of APSs in facilitating cross-border VAT fraud, IOTA now invites participants to a digital workshop to share insights from the Report, explore practical detection techniques, and develop concrete, data-driven measures to identify and disrupt APS-enabled VAT fraud. Your participation will help turn evidence and national good practices into faster, more effective operational responses and improved cross-border collaboration among IOTA member countries.

OBJECTIVES

This IOTA workshop gathers tax officers and analytical specialists to improve the detection and disruption of cross-border VAT fraud involving APSs. It uses the IOTA Report to start an ongoing conversation among member tax administrations on how APSs are used and to kick off sustained technical and operational cooperation.

The workshop will focus on:

- Use the IOTA Report as a conversation starter to deepen collective understanding of how APSs are used in cross-border VAT fraud.

- Encourage ongoing exchange of case experience, red flags and technical approaches between IOTA members.
- Share good practices (e.g. Bank Audit File, KNIME workflows, red-flags, weighting matrix) and agree on practical next steps for cooperation in order to strengthen capabilities to collect, standardise and analyse transactional data from new payment solutions.

EXPECTED OUTCOMES

By the end of the workshop, participants will gain a shared understanding of key threats and practical tools they can use, including:

- A common situational awareness of key APS threat types, fraud patterns and vulnerabilities;
- A practical list of red flags and priority data sources that participants can use in audits and investigations;
- Demonstration of a KNIME workflow that participants can adapt for their own large-file analyses;
- Short, actionable recommendations and a shortlist of follow-up activities for participants' home administration (training needs, data access, cooperation channels).

METHODOLOGIES

The workshop will be delivered through a combination of **plenary presentations, Q&A and group discussions.**

The **plenary presentations** will be focused on updates of the IOTA report findings, case studies and strategic recommendations, including technical live demo. The participants will have the opportunity to raise questions and explore the topic further during the **Q&A sessions**.

The **group discussions** will offer an opportunity for the participants to share their approaches on:

- Day 1 – **Understanding APS risks and identification**; and
- Day 2 – **Data & tools, and practical analysis – Turning analysis into action**.

There is **no limit** to the number of participants who can attend this Digital Workshop. Participation in the Group Discussion Sessions is reserved only for those participants who wish to engage actively in the discussion. For Group Discussion on Day 2, we specifically seek data analysts who are willing to develop concrete operational follow-up actions based on the workshop's outcome — to ensure the event leads to practical implementation.

All sessions of the Digital Workshop will be conducted via the Microsoft Teams platform. **Instructions** are available on how to join and participate in the event using the Microsoft

Teams platform. There will also be an opportunity for delegates to test their connection 30 minutes prior to the start of the event's sessions.

The Digital Workshop will be recorded and will be available after the event on the IOTA website (only for registered users) to watch on demand.

TARGET AUDIENCE

The target audience is IOTA member Tax Administration tax officers, data analysts and IT experts specialised in the detection and prevention of VAT fraud, involving transaction monitoring and payment-rail analysis, particularly for APSs.

REQUIRED INPUT

Please note that it is not possible to provide any interpretation facilities at this event, and IOTA expects that all participants will have **sufficient language skills for active participation in English**.

Please note that reading the IOTA Report in advance is a prerequisite for full participation. The presentations and group discussions build on the Report's findings, so prior familiarity will allow participants to engage more effectively and get the most value from the workshop.