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# Fraud Trends with the CP42 Scheme

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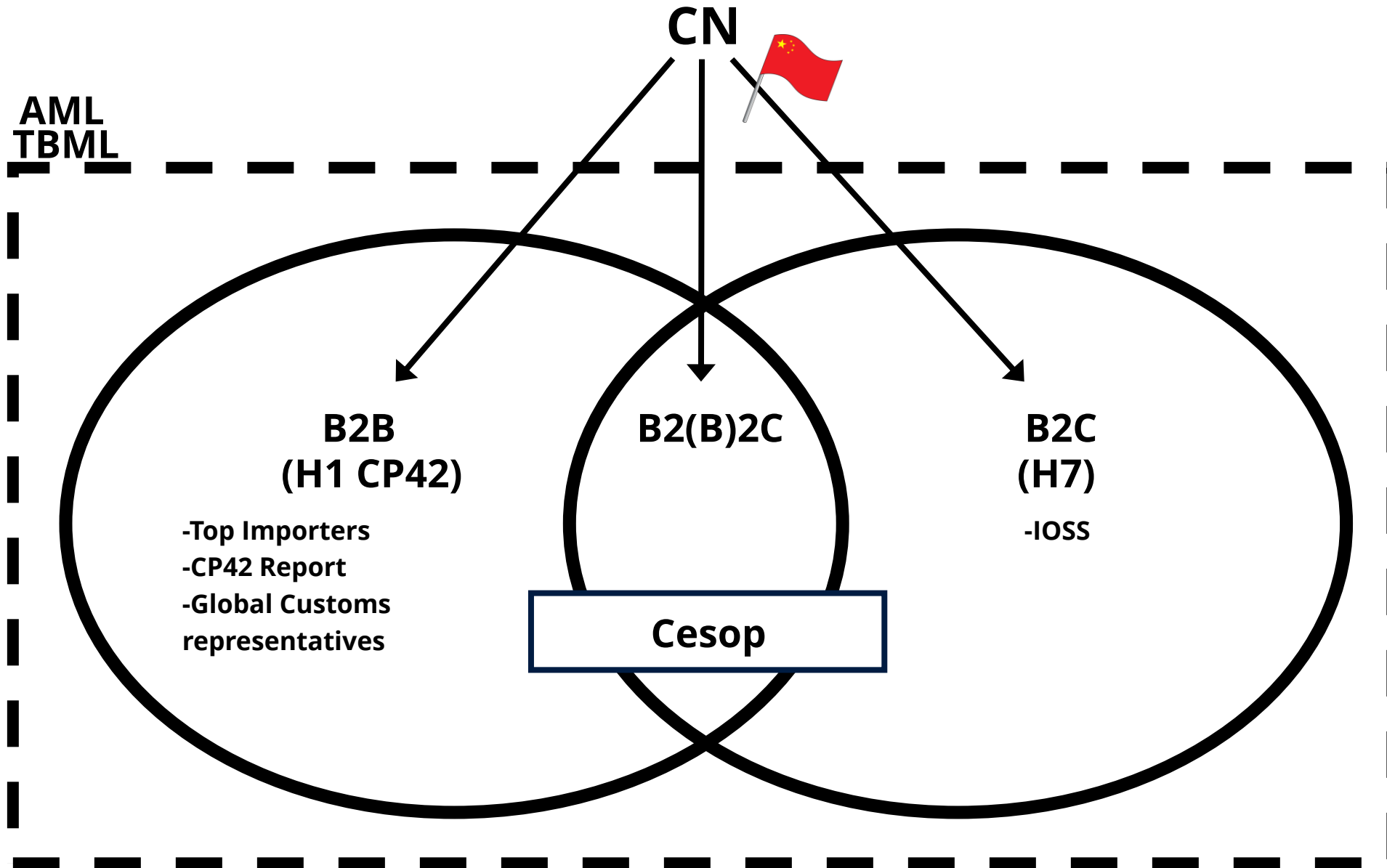
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# AML TBML



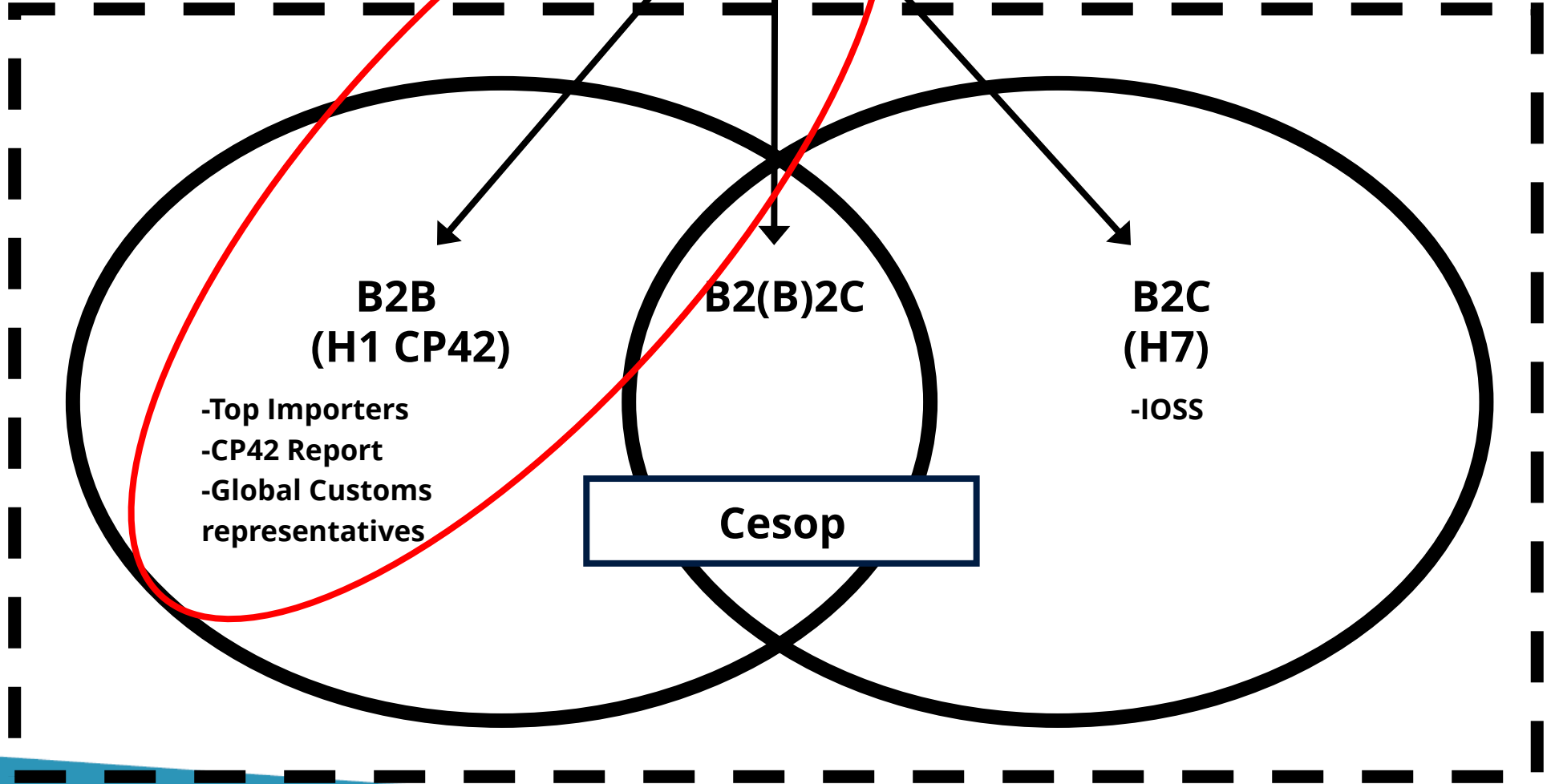


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# PART 1: B2B OVERVIEW & EUROPEAN CONTEXT



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# SIMILARITY BETWEEN MTIC & CP42



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Classic MTIC



Conduit Company



Missing Trader  
or REMOTE TRADER

CP42



Factory (China)



Importer



Missing Trader  
or REMOTE TRADER

**CUSTOMS PROCEDURE 42 (CP42):** IMPORT OF GOODS INTO AN EU MEMBER STATE IMMEDIATELY FOLLOWED BY A VAT-EXEMPT DELIVERY TO ANOTHER EU MEMBER STATE.

# LEGAL SUMMARY - CP42



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Legal Summary – CP42	Legal Reference (Belgian transposition )
Customs procedure CP 42 (VAT on importation)	Procedure 42 00 (SAD ): VAT exemption on import if goods are immediately shipped to another EU Member State
Exemption as an intra-Community supply	<b>Article 39 bis of the Belgian VAT Code: exemption of intra-Community supplies of goods (subject to proof requirements)</b>
Proof requirements / conditions for CP42 exemption	<b>Royal Decree No. 52 of 29.12.1992: two mandatory conditions: (1) proof of transport of the goods to another EU Member State, and (2) valid VAT number of the customer in that Member State</b>



# THE RISE E-COMMERCE

## The Brussels Times

BELGIUM BUSINESS ART & CULTURE EU AFFAIRS WORLD

### EU auditors: Import customs procedures are insufficient to prevent VAT fraud

Tuesday, 25 March 2025



Credit: ECA

The EU's financial interests and single market are not protected firmly enough against Value Added Tax (VAT) fraud on imports when simplified import customs procedures are used, according to a new audit report published on Monday by the European Court of Auditors (ECA).

### Investigation 'Broken Wall': Searches, seizures and arrests in probe into €19 million VAT fraud and smuggling of goods from China

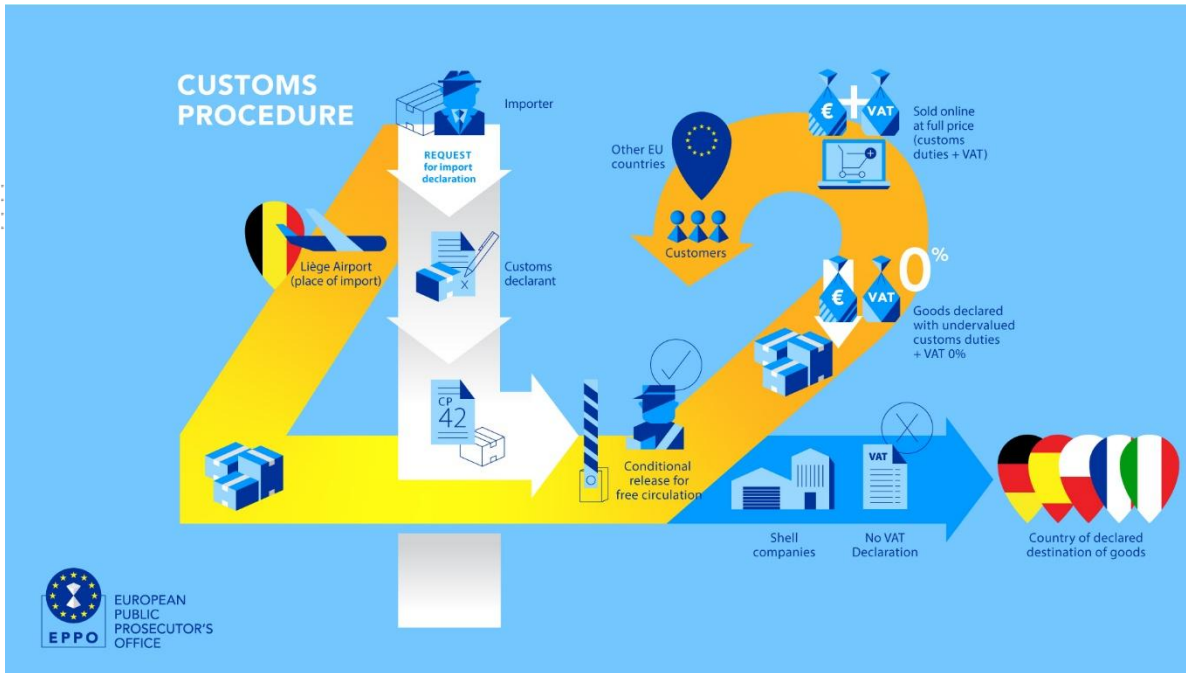
Published on 19 November 2025



# IMPORTANCE OF THE CP42 IN THE TOTAL TRADE (UNDER-EVALUATED)



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- \*The figures are underestimated:
- the value of goods is underestimated,
  - only discovered fraud ( correctly qualified in TNA )

	2023	2024	2025
<b>Fraud Identified in TNA &amp; Surv3 *</b>	2,36 Billions €	1,55 Billions	1,24 Billions €
<b>CP42</b>	75,8 Billions €	72,2 Billions	69,1 Billions €
<b>% Fraud</b>	<b>3.11 %</b>	<b>2,14%</b>	<b>1,79%</b>



# KEY FACTS ABOUT CP42 FRAUD

- Over 99% originates from China (third countries)
- Technique similar to classical MTIC fraud (strawman, postal box etc )
- Same targeted commodities as MTIC fraud
- Stolen VAT
- Use of short-lived shell companies for purchases (MS2)
- Mixed B2B/B2C schemes, leveraging e-commerce platforms to distribute goods
- Specific feature: in MS1, the importer acts as the responsible representative, with highly specific payment flows
- Correlation between CP42 fraud & under-evaluation



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# PART 2: B2B AND B2C EUROFISC & DETECTION

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# EUROFISC

Eurofisc is a network of Member States to fight against VAT fraud

- Establish a multilateral early detection mechanism to combat VAT fraud;
- Coordinate the rapid multilateral exchange of targeted information in the field in which EUROFISC operates (working fields);
- Coordinate the work of the EUROFISC liaison officials of the participating MS in following up on the received early detections.



## TWO GAME CHANGERS : EUROFISC & TRANSACTIONAL NETWORK ANALYSIS (TNA)

- 1) Eurofisc is a European Union network that facilitates cooperation between tax authorities across EU member states to combat cross-border VAT (Value-Added Tax) fraud. It was established under EU law to improve the detection and prevention of fraudulent activities in the VAT system.
- 2) TNA is a tool to support the operation of Eurofisc:
  - Automate the collection of targeted information over VIES,
  - Visualize suspicious networks without manual interventions,
  - Improve MS ability to send early warnings and **provide feedback**,
  - Improve the equality, reliability and security of information shared,



## USE OF SURV 3 IN CP42 FRAUD MONITORING

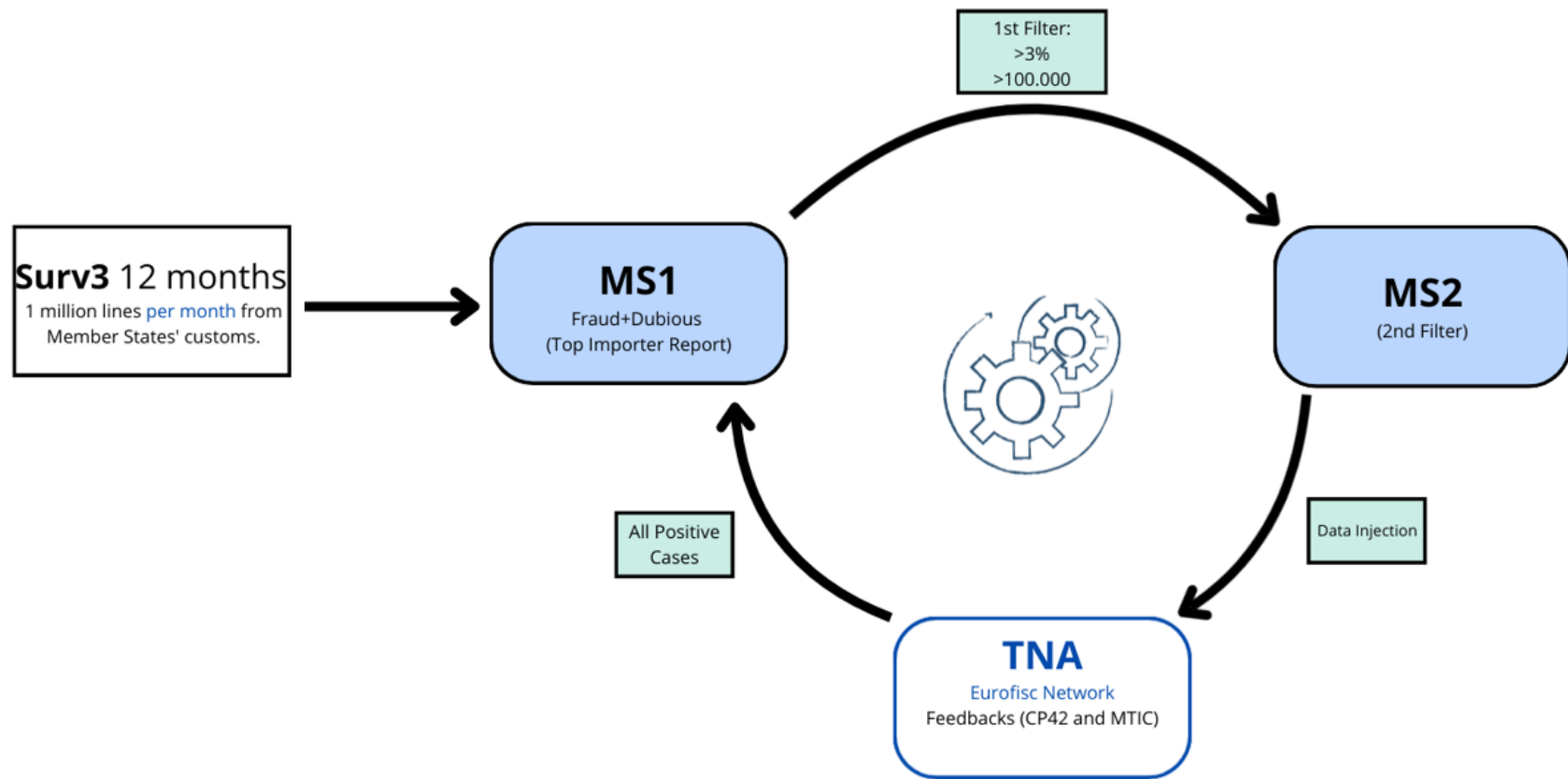
- Before 2022:
  - WF3 focused on CP42 but no automated use of available data
- 2022:
  - WF3 discontinued
  - WF1 integrates CP42 monitoring
  - Start of Surv3 use and qualification in TNA
- End 2023:
  - Creation of Top Importer report and widget in TNA ( monthly )

### Overall Goal:

Support strategic decision-making and targeted actions against fraud



# INJECTION OF SURV3 DATA IN TNA ITERATIVE DATA FLOW DIAGRAM





## ANTI-FRAUD ACTORS IN BELGIUM

- Tax administration
- Customs
- Eurofisc
- POLICE / Motem (tax agent with police powers )
- EPPO
- OLAF
- ECA (european court of audit)
- ...



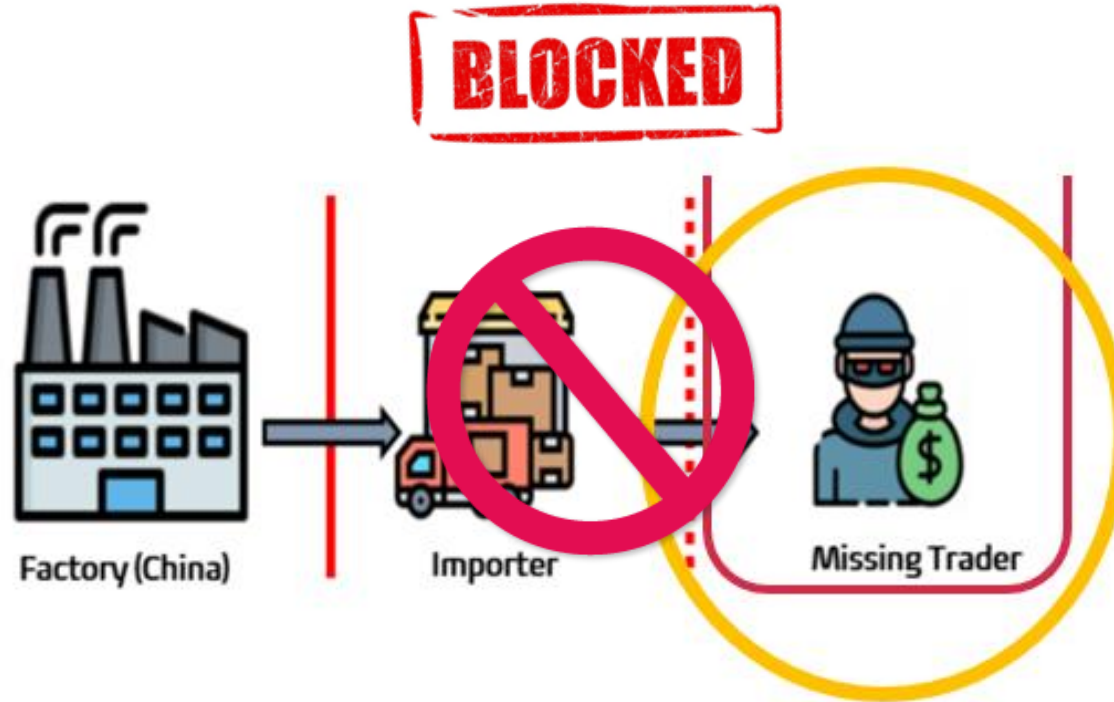
## POSSIBLE SOLUTIONS

- Financial guarantees for custom representatives
- Enhanced cooperation between Member States
- Faster qualification and deregistration of companies in the destination Member State (MS2)
- Asset freezing



## PROACTIVE POLICY BASED ON ALERTS

CP42



We know the MS2  
company is a  
fraudster & they  
continue

Until VAT number is  
valid!!!



## CONCLUSION

- Concentrated on a few EU entry points
- > 90% originates from China
- **CP42 = at least 15% of MTIC fraud (2–4 billion transactions/year, but certainly under-evaluated)**
- Targeted, high-risk goods
- VAT numbers concentrated in a few countries (real destinations or “dumping” locations)
- Uniform VAT losses (due to online sales in ALL EU citizen)
- Our actions are effective but chains are quickly rebuilt
- Analytical tools provide a strategic overview

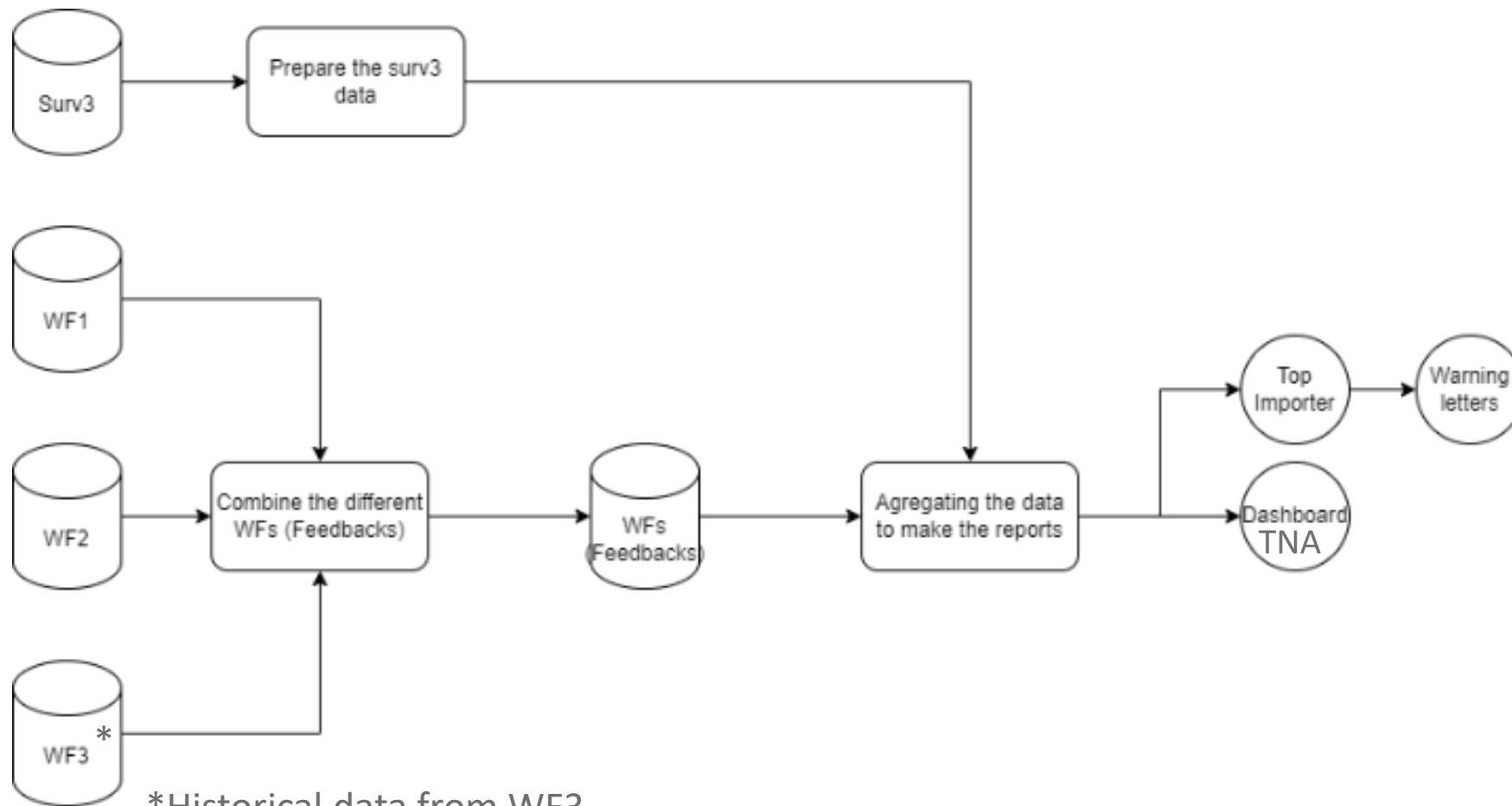


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# PART 3: STATE OF PLAY OF CP42 FRAUD IN EU TOP IMPORTERS REPORT



# DATA SOURCES

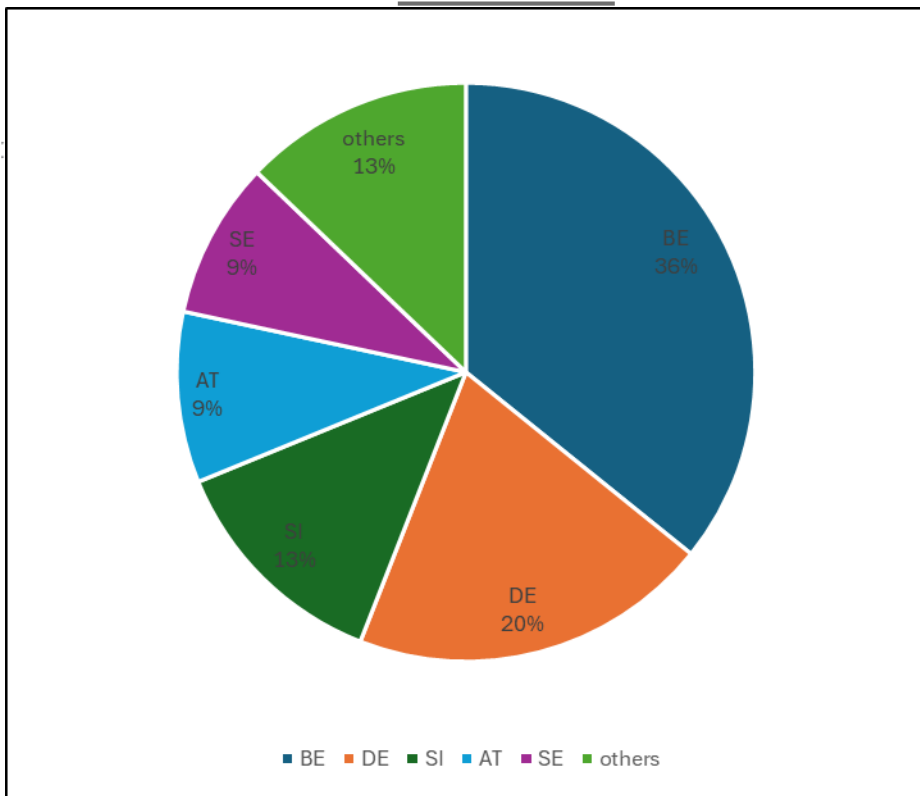


# GATES OF ENTRY PAST 12 MONTHS



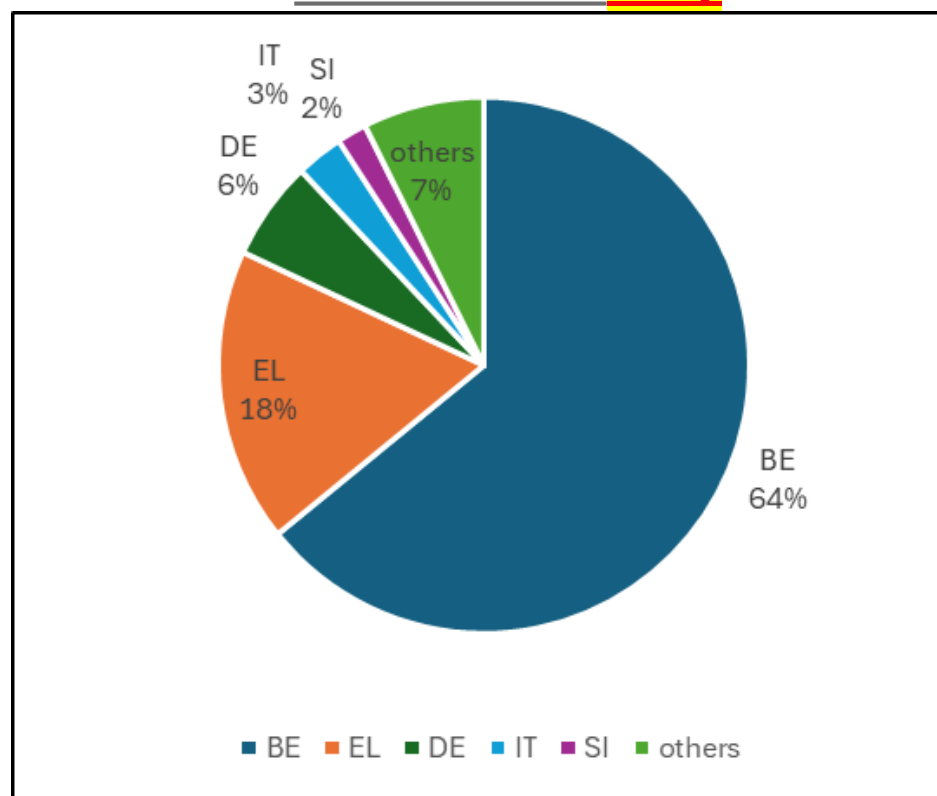
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## All CP42



VS

## CP42 Fraud **only**



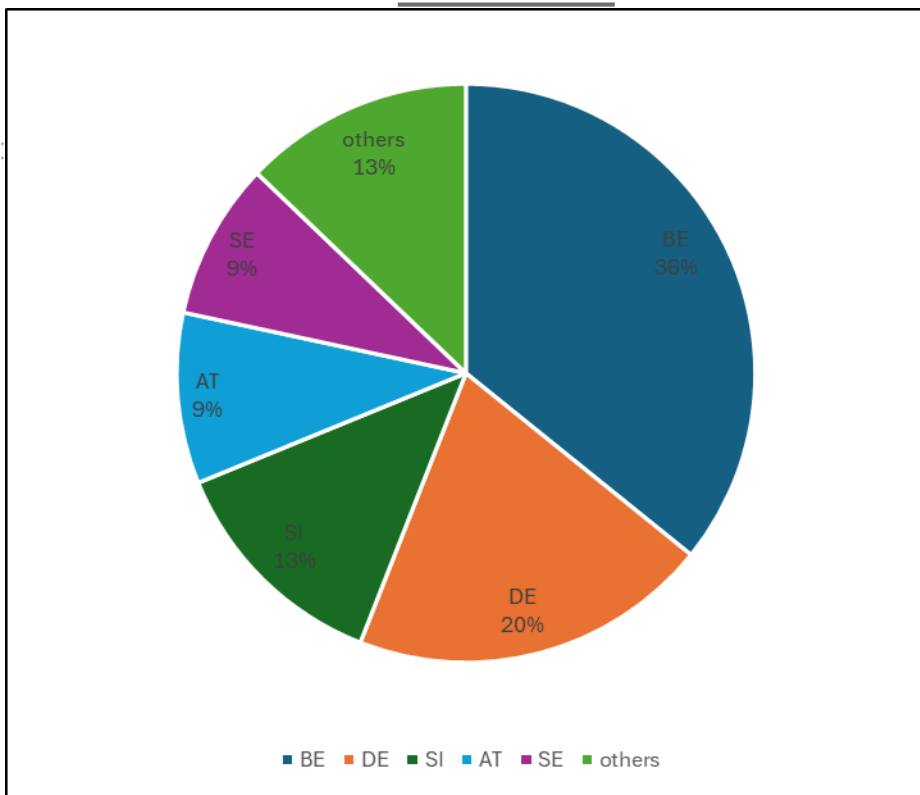
Country	Total CP42	Country	CP42 Fraud
BE	24.952.958.390 €	BE	688.854.643€
DE	14.046.117.988 €	EL	190.788.285€
SI	8.965.467.407 €	DE	64.347.072€

# GATES OF ENTRY PAST 12 MONTHS



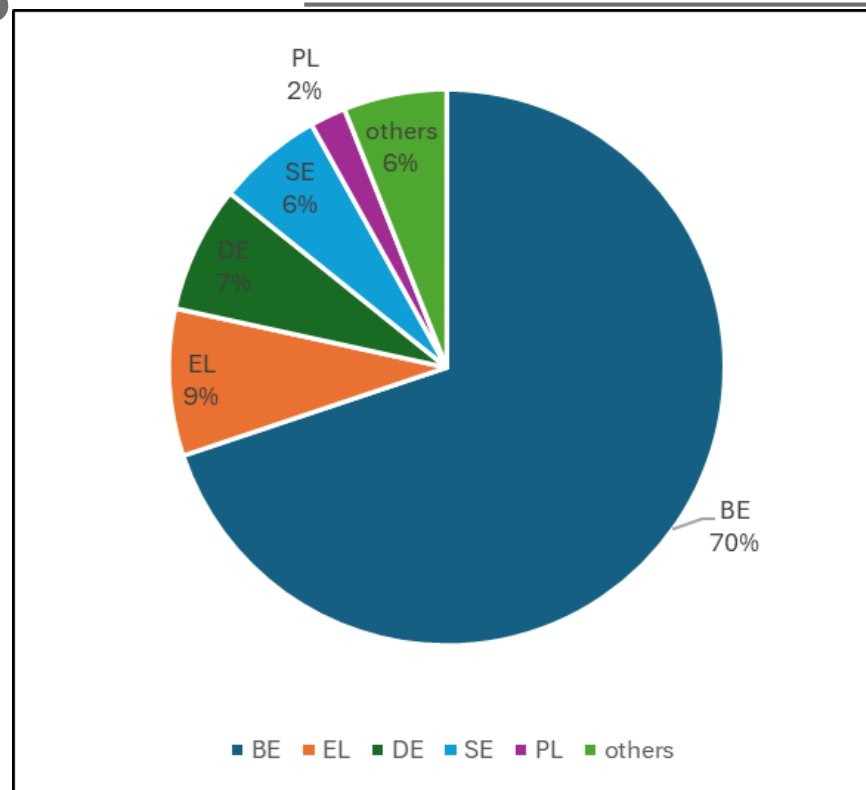
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## All CP42



VS

## CP42 Fraud and Dubious



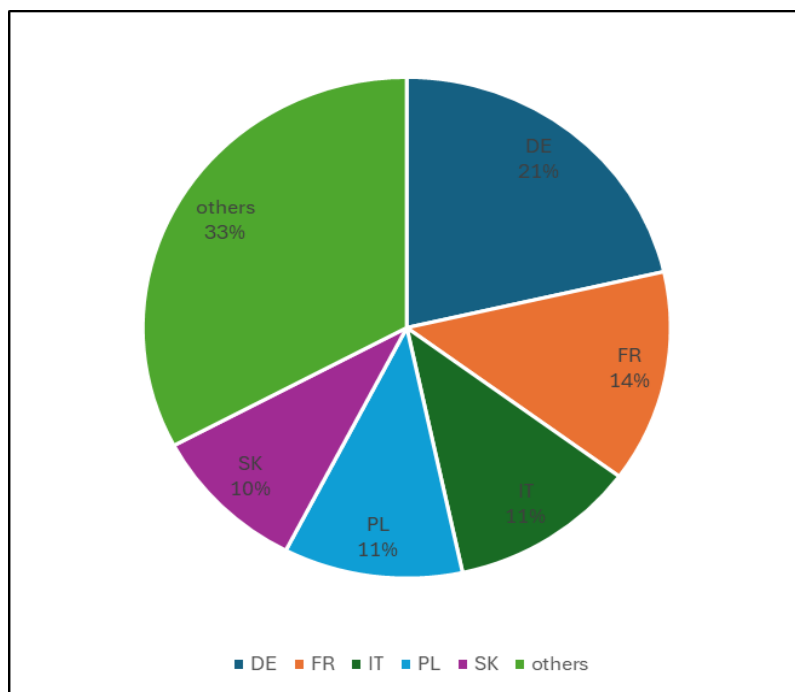
Country	Total CP42	Country	CP42 Fraud
BE	24.952.958.390 €	BE	1.559.498.195 €
DE	14.046.117.988 €	EL	191.035.818 €
SI	8.965.467.407 €	DE	164.440.033 €

# COUNTRIES OF THEORITICAL DESTINATION PAST 12 MONTHS



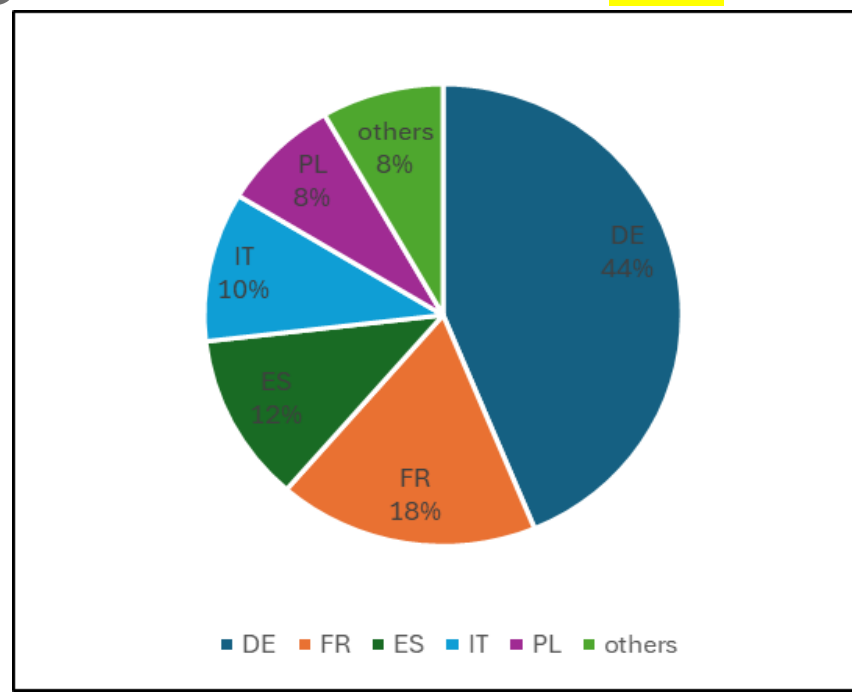
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## All CP42



VS

## CP42 Fraud **only**



Country	Total CP42	Country	CP42 Fraud
DE	14.920.173.775 €	DE	454.134.485€
FR	9.553.469.238 €	FR	182.828.607 €
IT	8.012.213.564 €	ES	122.592.506 €

# COUNTRIES OF THEORITICAL DESTINATION PAST 12 MONTHS

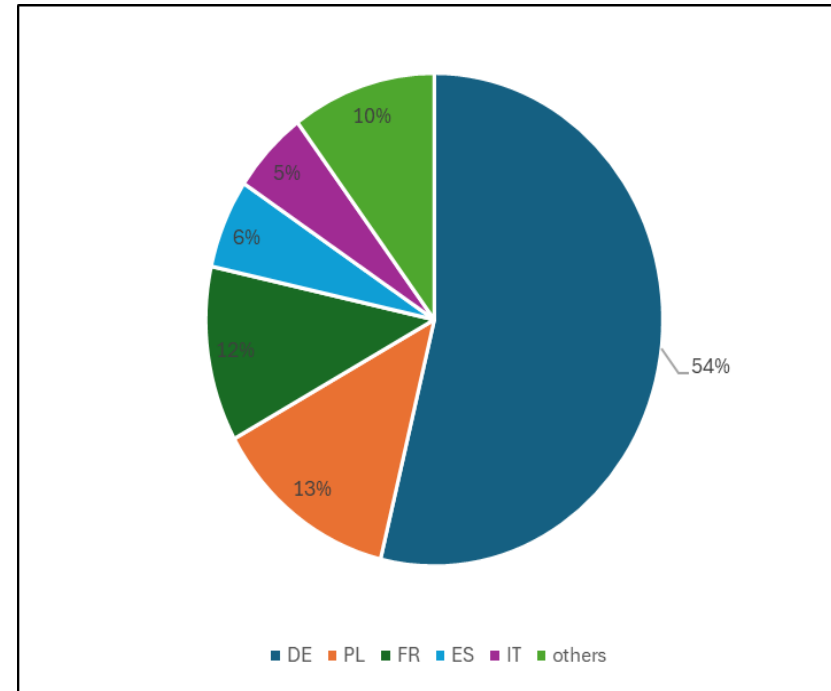
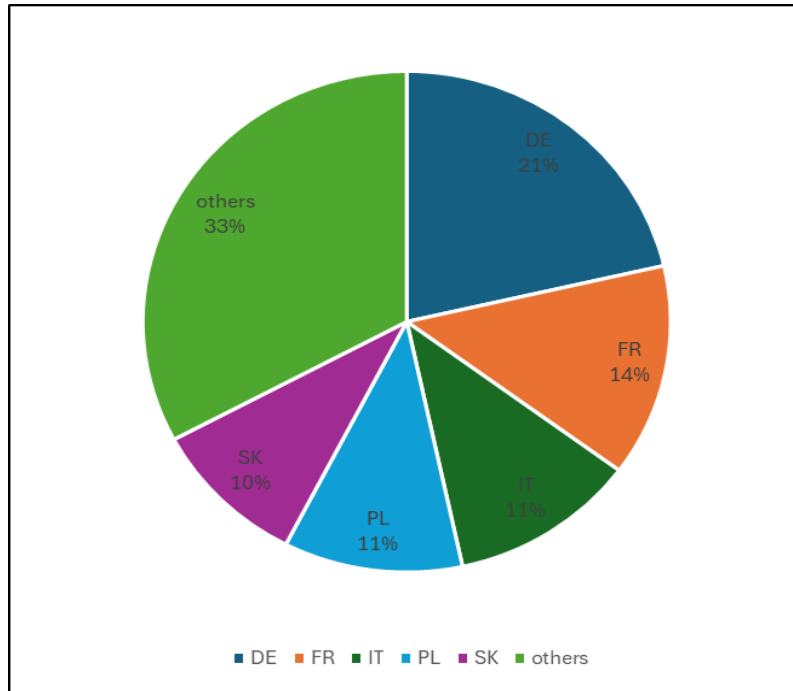


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## All CP42

VS

## CP42 Fraud and Dubious



Country	Total CP42	Country	CP42 Fraud
DE	14.920.173.775 €	DE	1.172.901.300,49 €
FR	9.553.469.238 €	PL	287.632.481,69 €
IT	8.012.213.564 €	FR	250.797.860,99 €

# UNDER EVALUATION OF FRAUD: EXAMPLE OF ONLY 1 BELGIAN TOP IMPORTER ( 100% FRAUD + DUBIOUS ).



Transactions with absolute value of Overall Total Amount less than 0 euro are not displayed.

Waiting the response of the R\_L2F2 and R\_L2F1\_3MS messages

Export CSV Export Print View all networks View all traders

VAT number (From)	Country/Territory (From)	Trader name (From)	Trader name (transliterated) (From)	Qualification (From)	NACE code (From)	VAT number (To)	Country/Territory (To)	Trader name (To)	Qualification (To)	NACE code (To)	Goods amount
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	putiansh feike xiangqumage angongsi	[No qualification]	4791	3.061.883
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	HeFeiBinChu MaoYouXianGong	[No qualification]	4791	2.867.227
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	HeFeiBinChu MaoYouXianGong	[No qualification]	4791	2.757.121
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	He Fei Bian Zi Shang Wu You Xiang Si	[No qualification]	4791	2.700.463
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	putiansh feike xiangqumage angongsi	[No qualification]	4791	2.604.113
5 BE0796	BE - Belgium			Conduit Company	5225	DE3627	DE - Germany	laohekoushi anshangmaoyou angsi	[No qualification]	4791	2.456.524
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	HeFeiBinChu MaoYouXianGong	[No qualification]	4791	2.116.951
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	He Fei Bian Zi Shang Wu You Xiang Si	[No qualification]	4791	1.902.538
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	putiansh feike xiangqumage angongsi	[No qualification]	4791	1.786.037
5 BE0796	BE - Belgium			Conduit Company	5225	DE3635	DE - Germany	He Fei Bian Zi Shang Wu You Xian Gong Si	[No qualification]	4791	1.669.714

Show 10 entries

Showing 1 to 10 of 1,409 entries

Total amount: **55.321.831 €**

First Previous Page 1 of 141 Next Last

(\*) the amount is expressed in National Currency



## PAY ATTENTION!

- 1 fraudster use many VAT numbers in different MS ( the same name, but different writing )=> different time of qualification and deregistration in MS
- Good news: you could see it in TNA

Transaction Network Analysis

TRADERS

Please be aware that filters have automatically been applied.

BASIC FILTERS

ADVANCED FILTERS

RESULTS

Export CSV Export Print View all networks View all relationships Manage flags

	ID number	ID type	Country/Territory	Creation date	Name	Address	Qualification - Working Field 1	ICA from high-risk suppliers (quarter -0 to -4)	VAT Cessation date
<input type="checkbox"/>	PL5279	IC VAT number	PL - Poland	29/08/2024	SHENZHEN SHI TIANYI SHANGWU YOUXIANGONGSI	SHENNAN AVENUE R1809B06 NO6023 TIANAN SHATOU FUTIAN YAOHUA CHUANGCHUANG BLDG - 518042 SHENZHEN CHINY	Dubious	11.290.282,00	30/09/2025
<input type="checkbox"/>	FR150	IC VAT number	FR - France	26/08/2025	PMDE SHENZHENSHITIANZISHANGWUYOUXIA	Chez DELMEX 37 PAS DU PONCEAU 75002 PARIS	Missing Trader	1.042.850,00	
<input type="checkbox"/>	DE67	IC VAT number	DE - Germany	07/05/2025	shenzhenshitianyi shangwu youxiangongsi	Chuangjian dasha 1809B06 Shennanda dao 6023 hao ya 518042 Shenzhen	[No qualification]	394.104,00	
<input type="checkbox"/>	IT0470	IC VAT number	IT - Italy	26/08/2025	SHENZHENSHITIANYIDI SHANGWUYOUXIANGONGSI	VIA DON FEDERICO TOSATTO 127 30174 VENEZIA VE	[No qualification]	43.697,00	09/12/2025
<input type="checkbox"/>	ES18042	IC VAT number	ES - Spain	11/02/2026	SHENZHENSHI TIANYI SHANGWU YOUXIANGONGSI	FUTIANQU SHATOUJIEDAO TIANANSHEQU SHENNANDADAO 6023HAO YAOHUACHUANGJIANDASHA1809B06 SHENZHENSHI 518042 GUANGDONGSHENG (CHINA)	Checking	-	



## STATE OF PLAY: MAIN GATES OF ENTRY ( FRAUD AND DUBIOUS )

- The major gates of entry for fraudsters in the last 12 months are:
  - Belgium: 70%
  - Greece: 9%
  - Germany: 7%



# STATE OF PLAY: MAIN GATES OF ENTRY WHY?

- The major gates of entry for fraudsters in the last 12 months are:

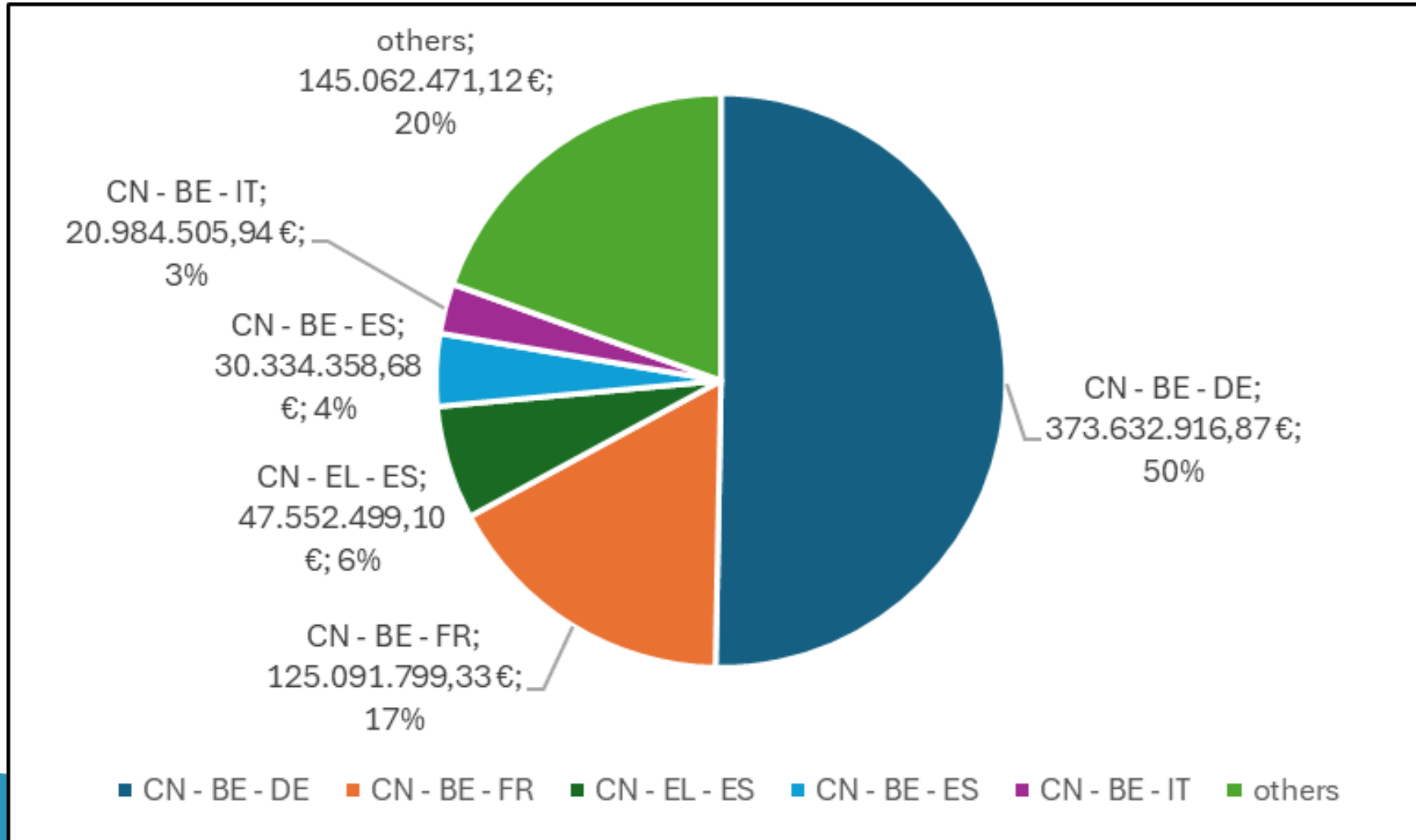
- **Belgium: 70%**
  - Port of Zeebrugge — COSCO (76%)
  - Liège Cargo Airport - Alibaba
- **Greece: 9%**
  - Port of Piraeus — COSCO (67%)
- **Germany: 7%**
  - Port of Hamburg — COSCO (24.99%)
  - Leipzig/Halle Airport — integrator interface hub

**No single EU-wide access regime for customs representation.**

The EU harmonizes the core framework, but **Member States determine the conditions**

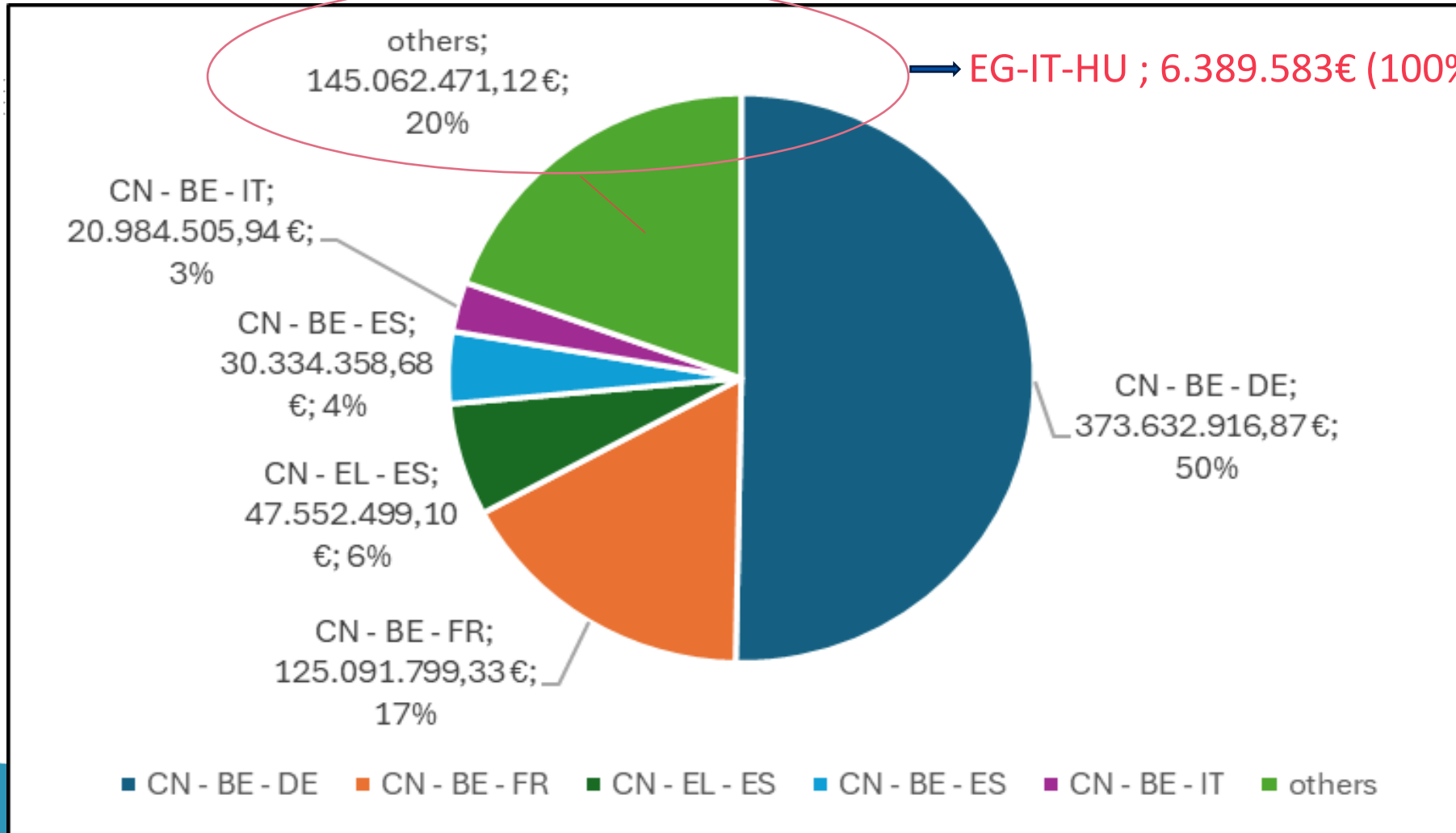


# FRAUDULENT ROADS 2025





## FRAUDULENT ROADS 2025



EG-IT-HU ; 6.389.583€ (100% Fraud )



## WHAT'S NEXT?

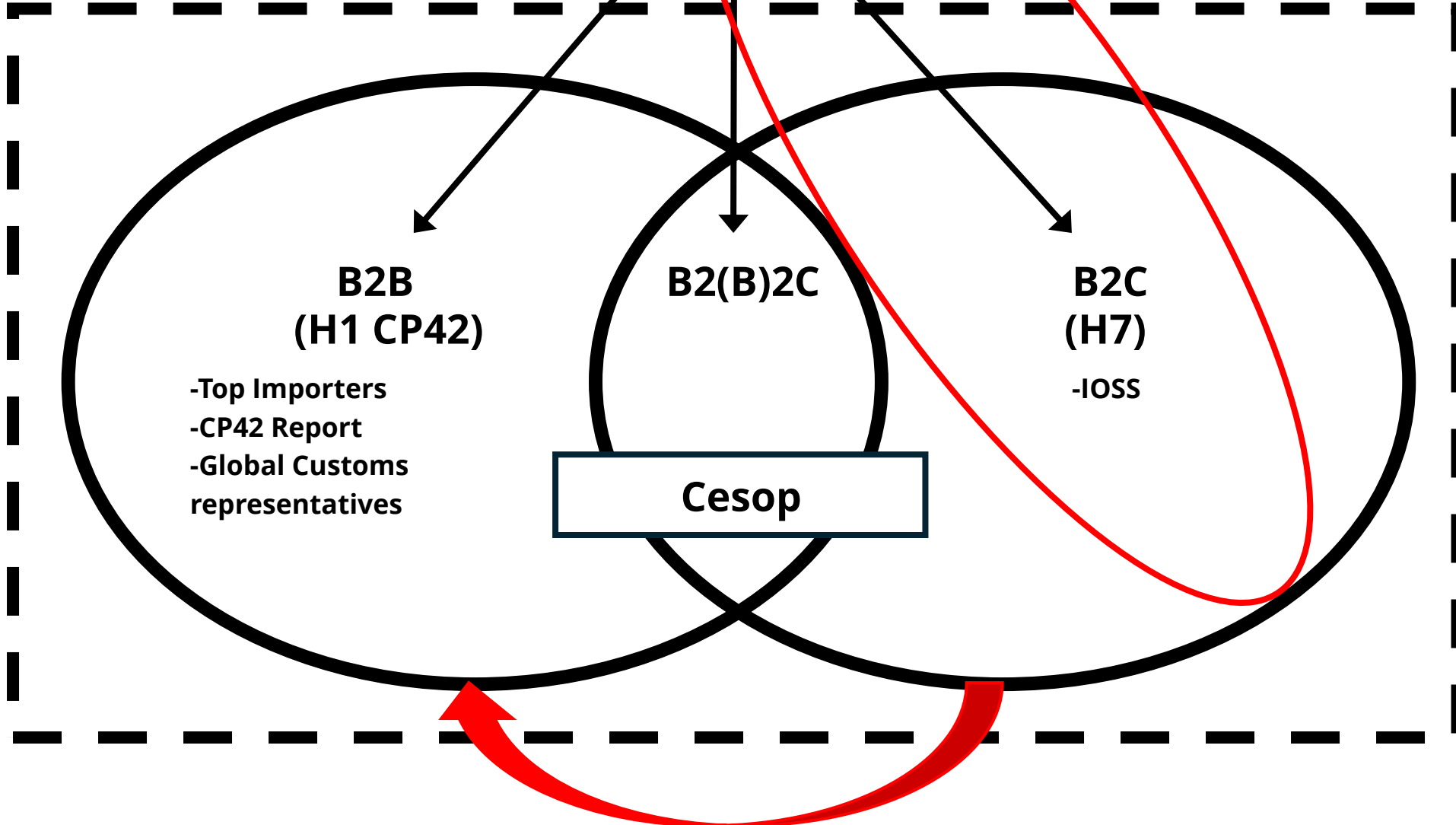
- **1 July 2026 : temporary customs duty of €3** on small parcels less than €150 ( B2C).
- 1 November 2026 at the latest: new EU handling fee, amount to be set later.
- In 2024, 4.2 billion small parcels arrived from China ( 91 % of all small parcels )
- **Fraud may move from IOSS to CP42 ( B2B2C )**
- Chinese suppliers have already anticipated:

### Chinese e-commerce logistics hubs in Europe:

- Paris, France — **Cainiao / Alibaba's** European hub and JD (JINGDONG )
- Liège, Belgium — **Cainiao / Alibaba's** European hub.
- San Fernando de Henares (Madrid), Spain — **Cainiao / Alibaba's** distribution center.
- Wrocław region, Poland — SHEIN's main European logistics hub.
- Mönchengladbach, Germany — Goodcang / Zongteng fulfillment hub for **SHEIN** and **Temu**.

# What's next?

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# Questions?

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