



EUROPOL

IOTA Forum on Combating VAT Fraud
“VAT fraud cases in import and export”

LEAs and Tax Cooperation:
*Enhancing the Value of Tax Information
to Fight Organized Crime*

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Europol Public Information

Content:

LEAs and Tax Cooperation

- Key relevance of Tax information

- Cooperation with Law Enforcement Agencies**

- Unveiling Organized Crime Footprint**

- Europol role**

- Conclusions**

The background of the slide features a large, waving flag of Europol. The flag is primarily dark blue with a white horizontal stripe across the middle and a yellow horizontal stripe at the bottom. The word "EUROPOL" is printed in white, bold, capital letters across the blue section of the flag. The flag is set against a light blue background with faint, vertical, semi-transparent lines.



PART I

Tax Information: An Early Detection Tool

- **Tax Information as an Early Detection Tool**
 - Common patterns (red flags) as detectors of organized criminal activity
 - Unusual VAT refund patterns
 - Shell companies with large turnovers (*and no logistical capacity for commercial activity*)
 - Networks of linked entities (common/exclusive partners)
 - Unclear origin or destination of commodities (*Customs Fraud related or VAR carousel*)
 - Discrepant intracommunity declarations (*with VIES assessment and/or SCAC requests*)
 - Potentially filling gaps from ongoing criminal investigations
 - Awareness on circuits discrepancies (*real trading, invoicing and financial flows*)



PART II
Cooperation with Law Enforcement Agencies

■ Tax Administrations and LEAs Cooperation

- Early cooperation between Tax Authorities and LEAs enhances the efficiency/effectiveness of investigations
 - Holistic view (*Tax/Administrative + Criminal*)
 - Improved coordination (*analytical and field operations*)
 - More Legal tools available (*including more intrusive measures, such as surveillances, wiretapping, etc.*)
- Investigations evolution
 - Transition tax audits into criminal investigations when necessary
 - Refer matters to relevant national prosecutor's offices for prosecution

❑ Challenges

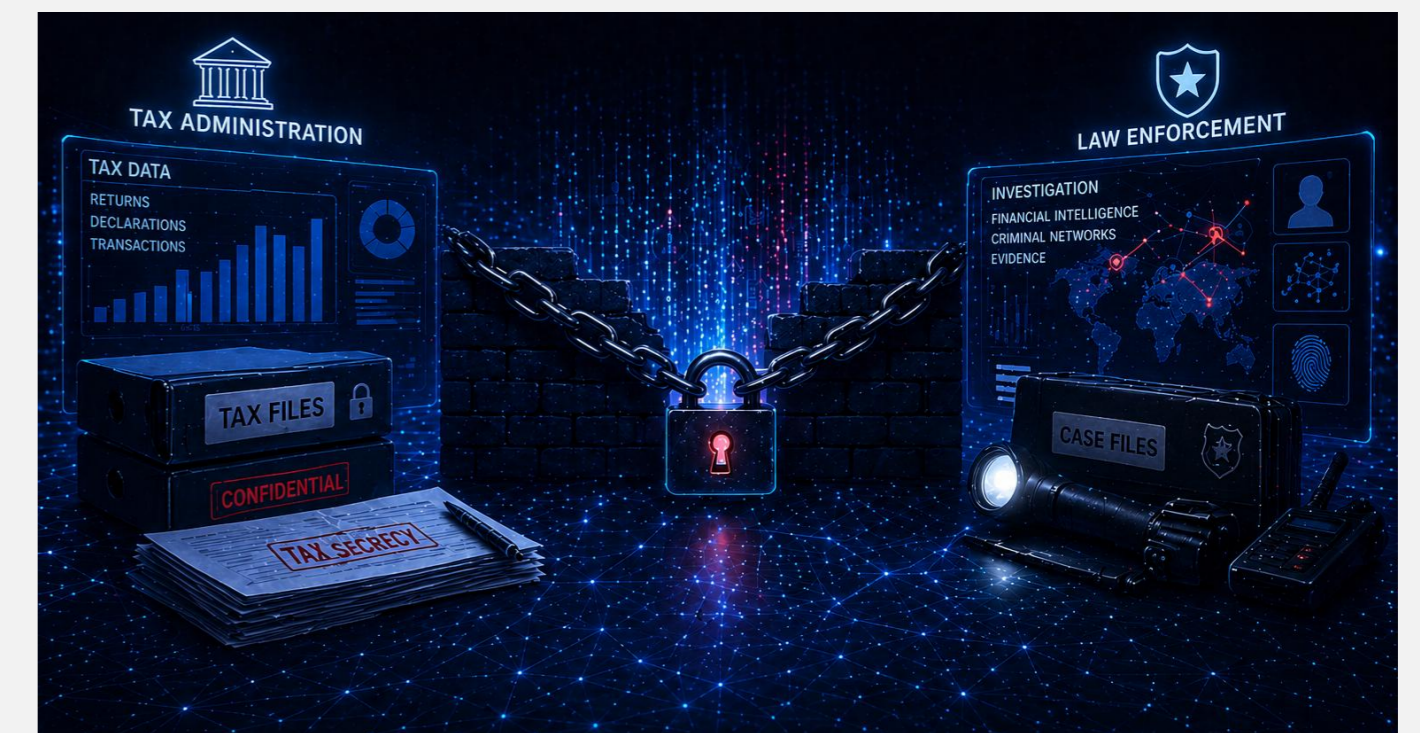
- Legal constraints
 - Tax secrecy
 - Data protection rules
- Different institutional cultures
 - Tax authorities vs Law Enforcement priorities
 - Administrative vs. Criminal investigations
- Operational awareness
 - Lack of swift channels and/or procedures between Tax and LEAs

Main Challenges in Cooperation

Effective cooperation between tax authorities, law enforcement agencies, and Europol is crucial for combating complex financial crimes.

However, this collaboration is not without challenges. Jurisdictional differences, different operational procedures, and disparate legal frameworks still create significant hurdles.

At least, since the last decade, the lack of proper cooperation among Tax Authorities, Customs and LEAs is seen as one of the main challenges to tackle these types of criminal activities.



□ Potential Solutions

- Cooperation with Law Enforcement Agencies - Reporting and Communication
 - Communication Channels
 - Establish clear channels between Tax Administrations and LEAs
 - Share real-time intelligence for coordinated investigative actions
 - Dedicated Contact Points / Regular interaction between Tax and LEAs
 - Prompt Reporting
 - Facilitate swifter investigation measures
 - Reduce opportunities for offenders to destroy or conceal evidence

□ Unveiling Organized Crime Footprint

- Poly-criminal exploitation of tax system
 - Profit amplification via tax fraud
 - Control of significant number of legal business structures (*Money Laundering Driven*)
 - Partial control of specific markets (*due to fair competition distortion*)

■ Cooperation with Europol

- Cross-border intelligence
- Links between criminal networks
- Support to joint investigations (TAX-LEAs)
- Access to European-wide information and analytical capabilities
- Risk assessment support
- EMPACT Framework

European Multidisciplinary Platform Against Criminal Threats

Key Takeaways

1. *A suspicious pattern in one country may be part of a larger European criminal network*
2. *Regardless the administrative channels, Europol may provide a quick overview of potential criminal activity.*



***Disclaimer:** This possibility is exclusive for EU Member States and Operational Partners

<https://www.europol.europa.eu/partners-collaboration>



The **EMPACT Cycle** is the EU's framework for tackling major crime threats through coordinated, multi-agency action.

Operating in four-year cycles with annual plans, it unites Member States and partners to set priorities and carry out joint operations.



https://home-affairs.ec.europa.eu/policies/internal-security/law-enforcement-cooperation/empact-fighting-crime-together_en



EMPACT

“Tax authorities often detect the financial signals of criminal activity first. Through frameworks like EMPACT, those signals can become operational intelligence shared across Europe.”

1

EMPACT stands for the **European Multidisciplinary Platform Against Criminal Threats**. It introduces an integrated approach to EU internal security, involving measures that range from external border controls, police, customs and judicial cooperation to information management, innovation, training, prevention and the external dimension of internal security, as well as public-private partnerships where appropriate.

2

EMPACT provides a robust framework that brings together the law enforcement authorities of the Member States, Europol and a wide range of multi-disciplinary partners in the fight against serious and organized crime, including Customs, **Tax Administrations** and private parties.

3

The EMPACT cycle sets **EU-wide priorities** based on serious and organized crime threats identified in the EU-SOCTA report. **Operational Action Plans (OAPs)** are designed to translate EU crime priorities into concrete actions.

PART III
Conclusions



■ Conclusions

- Tax authorities are critical early detectors of crime
- OCGs are increasingly abusing Tax Fraud schemes
- Cross-border crime requires transnational cooperation
- Stronger cooperation improve investigation outcomes
 - Europol (AP MTIC) support cases to VAT and Customs
 - Increasing of Asset Recovery measures (*due to financial circuits analyzed*)
 - More organized crime footprint identified
 - Close cooperation with Tax Administrations and LEAs (*mainly, but not exclusively, via EPPO*)

Conclusions Take away

OCGs don't just evade tax, they weaponize the tax and financial system

When financial information, investigative capabilities and cross-border intelligence are combined, isolated indicators can quickly become actionable intelligence to tackle organized crime.

A tax, financial and field operational investigation approach is the most adequate strategy to tackle the increasing complexity of tax fraud *modi operandi*.

Thank you for your attention
Any questions?



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