

IOTA Forum on Combating VAT Fraud

“VAT fraud cases in import and export”

FEEDBACK Group Discussion Session 2

Country experiences in detecting VAT fraud in import and export



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Question 1

In your view, what methods and tools used in your country are the most effective in detecting fraudulent import/export transactions, including undervaluation, fictitious exports, or abuse of customs procedures such as CP42 for the EU countries?

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GROUP 2

FEEDBACK ON QUESTION 1

Mandatory tax–customs cooperation, with recommended mutual and, where possible, direct access to relevant data

Risk-based targeting of facilitators (freight forwarders, fiscal representatives, intermediaries), supported by systematic cross-checking in importation schemes

Use of financial guarantees in higher-risk import–export scenarios to protect revenue.

Reference mechanisms for import/export transactions like in the Eurasian Union, improving cross-border traceability and consistency where VAT is paid by the importer

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FEEDBACK ON QUESTION 1

Integration of payment data (including CESOP, especially for 3rd territory services) with VAT returns to identify mismatches.

Use of exchanged third-party data (e.g. TNA and customs information) embedded into tax administration risk systems.

End-to-end supply-chain visibility especially in CP42 framework allows to detect gaps and missing traders.

Stronger focus on export-related risks, particularly fake or simulated exportation and unjustified VAT exemptions.

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Question 2

How do tax and customs authorities in your country cooperate and exchange data (nationally and internationally) to detect cross-border VAT fraud, and what challenges exist in practice?

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FEEDBACK ON QUESTION 2

- **Levels of integration between both stakeholders vary** from single, unified revenue services to fully separate tax and customs administrations, with differing impacts on speed and effectiveness of controls.
- **Data sharing practices range widely**, from real-time, automated exchanges to slow, request-based processes that significantly limit timely risk detection.
- **Integrated or shared databases** enable stronger risk analysis and more effective use of customs data within tax compliance systems.
- **Pre-filled VAT returns**, using customs and e-invoicing data, improve compliance efficiency but increase exposure to **fictitious or manipulated invoice data**.

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Question 2

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FEEDBACK ON QUESTION 2

- **Joint or simultaneous audits** (e.g. along the import chain) strengthen detection of complex fraud, even where administrations remain institutionally separate.
- **Use of payment and transactional data** supports discrepancy analysis, but administrations face challenges in **processing and exploiting large data volumes**.
- **International information exchange mechanisms** are increasingly prioritised, yet operational delays and capacity constraints remain a recurring issue.
- **Supplementary data sources** (border crossings, vehicle data, permits, certificates) enhance risk assessment when effectively linked to tax and customs systems.

Key issues: data timeliness, system interoperability, managing large datasets, and ensuring data quality in increasingly automated control environments.

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Question 3

What are your country's experiences with real-time monitoring and control mechanisms (e.g. e-invoicing, automated matching of invoices, VAT deferral at import), and how effective are they in preventing VAT frauds and non-compliance?

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GROUP ONLINE

FEEDBACK ON QUESTION 3

How Tax and Customs Authorities Cooperate at National and International Level

National Cooperation Models

Integrated tax and customs administrations enable faster risk assessment and early fraud intervention through shared data access.

Challenges in Cooperation

Legal barriers, IT system incompatibility, and delayed VAT data reduce enforcement effectiveness against fraud.

Timing Mismatch Issues

Customs data is immediate at import, but VAT returns delay allows fraudsters to evade detection.

International Cooperation Importance

Global fraud schemes require strengthened international agreements and operational cooperation beyond the EU.