

Scrap metal and VAT frauds

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VAT FRAUD – The scale of the Problem

€193 billion

Source: European Commission Press Release, 19 September
2013

VAT Gap across 26 Member States 2011

.....or, put another way...

EU Budget 2014

(Agreed November 2013)

€135.5 billion

Focal Point MTIC

Opened April 2008

Objective:

- to collate, collect and analyse intelligence and information with the aim to identify organised criminals or networks active in MTIC fraud
- to support criminal investigations and prosecution in MTIC fraud area

Focal Point MTIC Membership

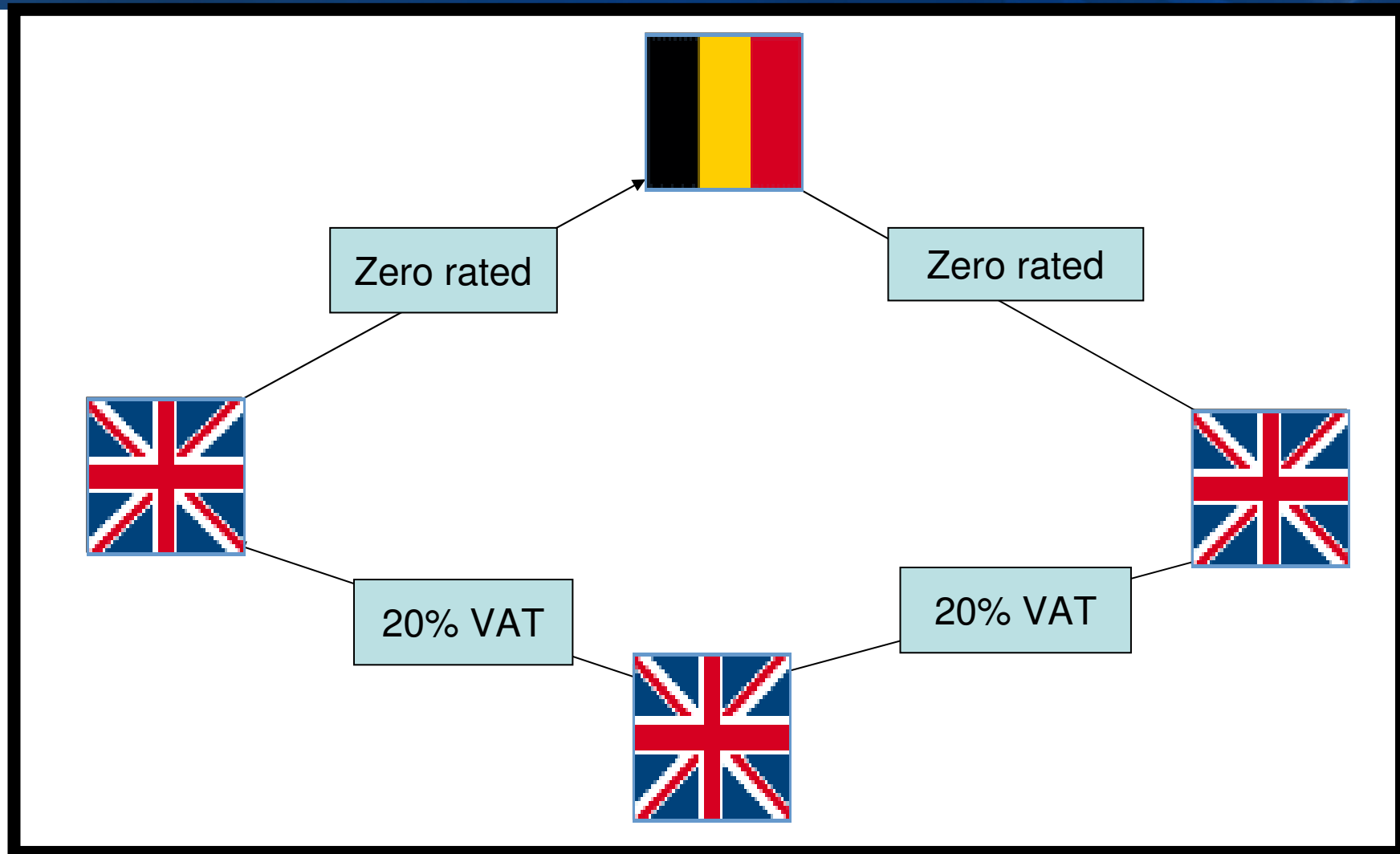
23 Member states:

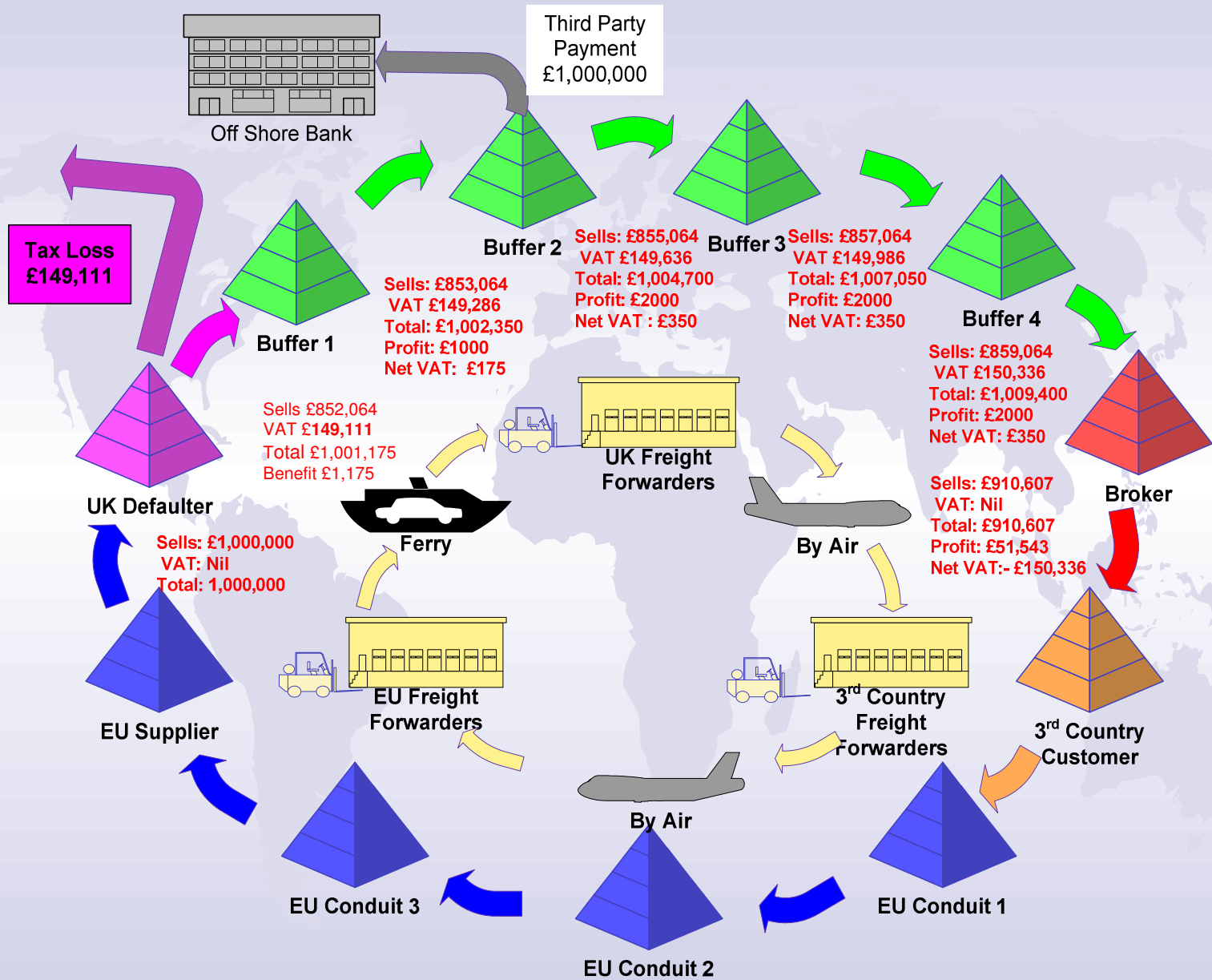
Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, The Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden, United Kingdom

3 Associates:

Switzerland, Norway, EUROJUST

Basic MTIC Fraud





MTIC – “White collar” crime??

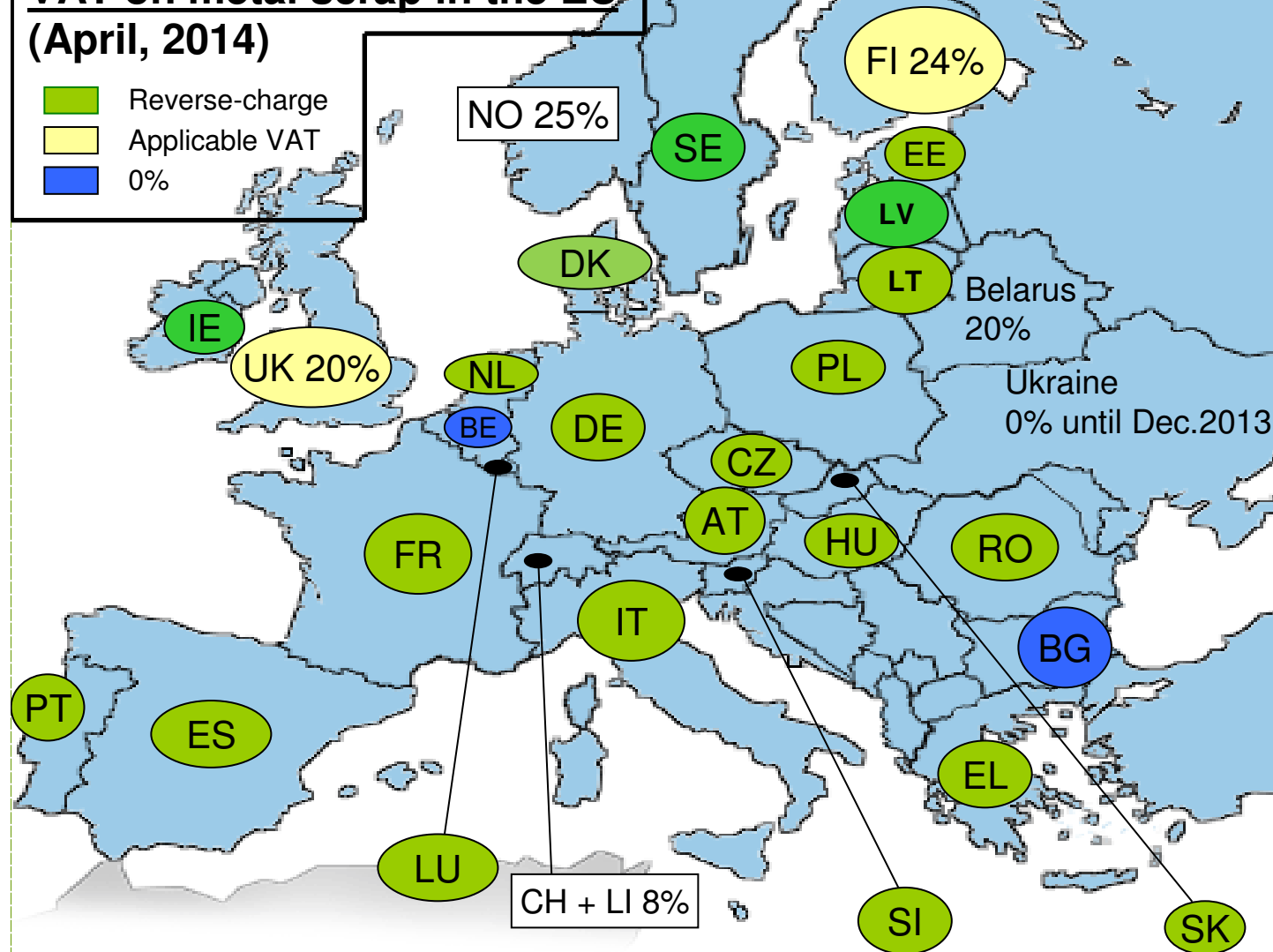
- Huge involvement of career criminals
- Stop at nothing to secure profits
- Proceeds fund other forms of criminality
- Involvement of Money Laundering ‘professionals’
- Links to terrorist funding

Victims

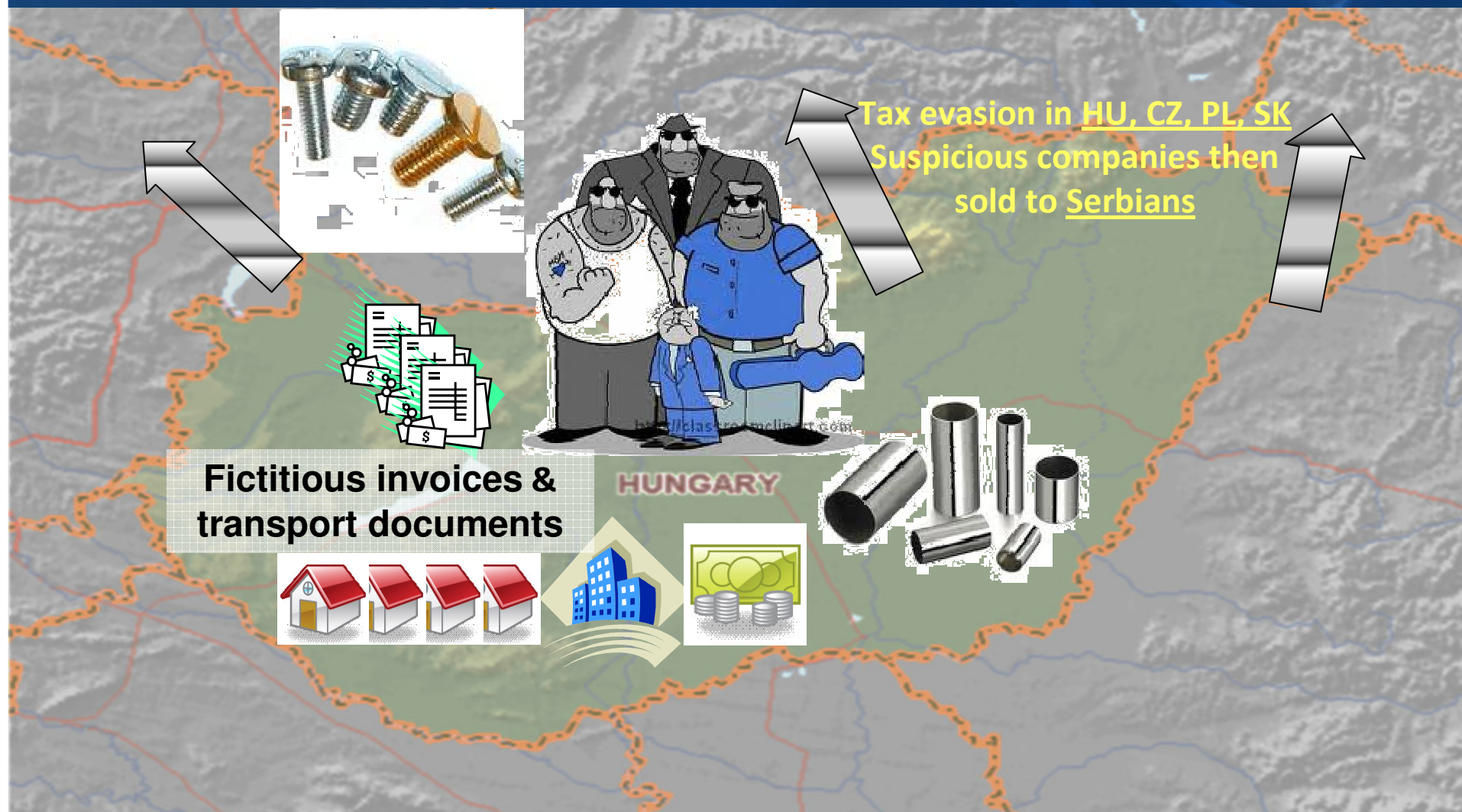
- Governments deprived of revenue for Public services
- Effects on communities
- Murders, extortion, kidnaps, threats of violence
- Public caught in crossfire
- Damage to honest businesses
- Damage to Markets
- Distortions to trade statistics

VAT on metal scrap in the EU (April, 2014)

- Reverse-charge
- Applicable VAT
- 0%



JIT Copper



JIT Copper – Operational co-ordination

1st SIENA message 03/08/10

Operational Meeting 20/01/11 HU, CZ, SK, PL, RO, DE

EUROJUST Coordination Meetings 7/06/11 & 30/03/12

JIT – December 2012

Members: CZ, SK, HU

Supporters: Europol and Eurojust

JIT Copper – Operational success

7 January 2013

EUROPOL – Mobile Office and UFED

16 suspects - 11 pre-trial custody
Assets seizure – 4,8 million EUR

VAT fraud Indicators

Poor market knowledge; frequent commodity changes; high value, low volume goods

Rapid growth in turnover

Business receives unsecured loans with unrealistic terms

Instructions to pay suppliers less than full price; low priced repeat deals with consistent unit profits

Third party payments

Immediate huge money movements between businesses; high account activity but low outstanding balances; high value withdrawals

Immediate payment of invoices out of proportion with normal financial means

Foreign nationals in charge with no obvious ties to the locality

Lack of annual accounts; pursuit of activities outside corporate goals

End user absent from the chain

FP MTIC – Priority areas

- VAT fraud on trade in emission allowances (“Carbon credits”)
- VAT fraud in gas, electricity and metals markets
- “Classical” carousel fraud
- Abuse of VAT relief schemes for Imports (CP4200, etc)
- “Margin” fraud on intra-community sales of new cars
- “Offshore” financial institutions

EU Crime priorities 2014-2017



European **M**ultidisciplinary

Platform **A**gainst **C**riminal

Threats

(EMPACT)

New Policy Cycle 2014-17: 9 Priorities

Counterfeit Goods

MTIC & Excise fraud (2)

Firearms

Heroin & Cocaine

Illegal Immigration

Synthetic Drugs

Trafficking in Human Beings

Organised Property Crime

Cybercrime (3 - Card Fraud, Child SE, Cyber)

MTIC Multi-Annual Strategic Plan

- To develop an EU communication strategy to promote awareness amongst public and private stakeholders of the threat of MTIC fraud.

- **Article 25(3)(a) Europol Council Decision**

*"Personal data from private parties which are established under the law of a Member State may be processed by Europol **only if they are transmitted via the national unit of that Member State** in accordance with its National Law."*



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Thank you