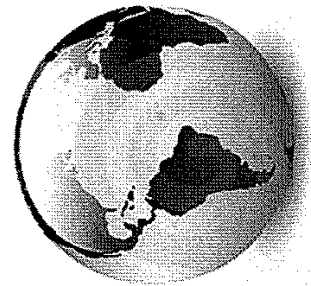


Central Assessment Directorate

Central Antifraud Office

**Visit of the Danish Delegation  
at the Italian Revenue Agency**

(September 21, 2012)



# **The fight against tax fraud : the Italian Revenue Agency approach**

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*Italian Revenue Agency*

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**September 21, 2012**

# AGENDA

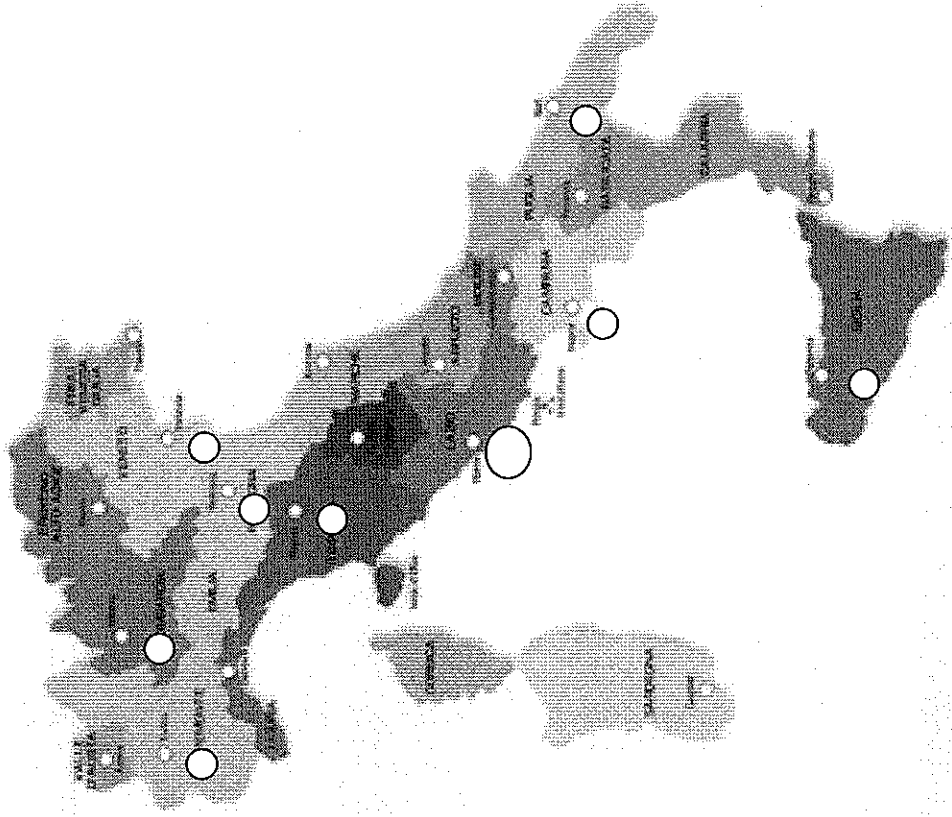
1. ANTIFRAUD UNITS ORGANIZATION
2. WORKING METHODS AND SOURCES OF INFORMATION
3. COOPERATION WITH OTHER AUTHORITIES
4. MTIC VAT CAROUSEL FRAUD

## ANTIFRAUD UNITS ORGANIZATION

- The **Central Antifraud Office (CAO)** was established in 2009 with the main purpose to tackle the rise of the spreading of fraud phenomena in the field of VAT and direct Taxes.
- It is part of the **Central Assessment Directorate** and operates at central and regional level.
- **Goal and main tasks :**
  - Prevention, detection and tackling tax frauds
  - Tackling tax frauds quickly and effectively
  - Identifying strategies and defining methods to prevent and detect tax frauds
  - Conducting tax audits in relevant cases at national level
  - Coordinating the regional antifraud offices

# ANTIFRAUD UNITS ORGANIZATION

- **Regional Antifraud Offices** are located in 9 regions and carry out tax investigations on filed activities.
- In the other regions the same tasks are carried out by offices engaged in ordinary tax audits.



## WORKING METHODS

- Main steps to investigate fraud cases at central level :
  1. Preliminary risk analysis
  2. “Pilot” tax audit
  3. Audit methodology
  4. Feedback

# SOME FIGURES

ANTIFRAUD AUDIT (2007 - 2011)	2007	2008	2009	2010	2011
Number of audits	395	480	551	526	580
Direct taxes (taxable) €/million	251	1.181	2.055	4.092	2.568
VAT (€/million)	91	669	789	724	782

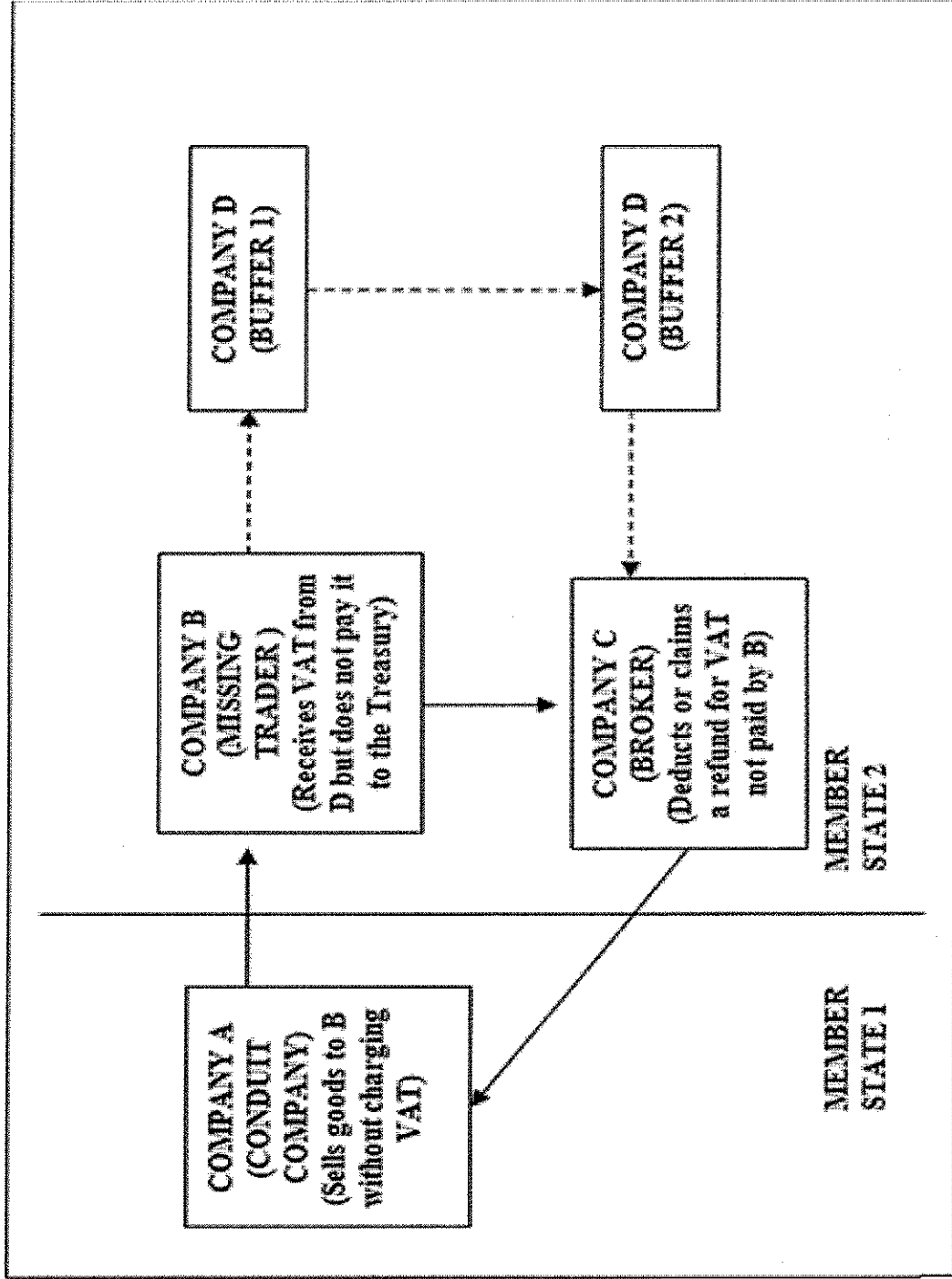
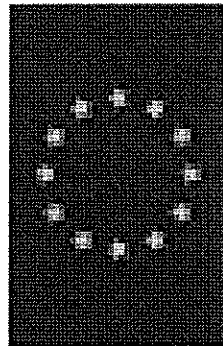
AUDITS (2011)	TOTAL	ANTIFRAUD AUDITS	%
Number of audits	9.923	580	5,85%
Direct taxes (taxable) €/million	8.562	2.568	29,99%
VAT (€/million)	908	782	86,12%

## COOPERATION WITH OTHER AUTHORITIES

- **Cooperation with Customs Agency and Guardia di Finanza:** since 2008, a permanent co-operation table has been created (see Article no. 83 of the Law Decree permanent "cooperation table" no. 112/2008) in order to define and coordinate the antifraud strategy, as well as to identify specific economic sectors at risk.
- **Cooperation with Public Prosecutors:** the Revenue Agency has no direct competence on financial crime and, accordingly, it does not carry out investigations specifically focused on the fight against crime but during the fiscal investigations, the officials of the Revenue Agency have to :
  - ✓ submit to the competent Public Prosecutor a tax crime report, this in case in the investigations the facts can lead to a criminal offence
  - ✓ submit to the Financial Information Unit a report on unusual transactions, this in case the investigations lead to a probable money laundering offence

# Missing Trader Intra - Community (MTIC) VAT Carousel fraud

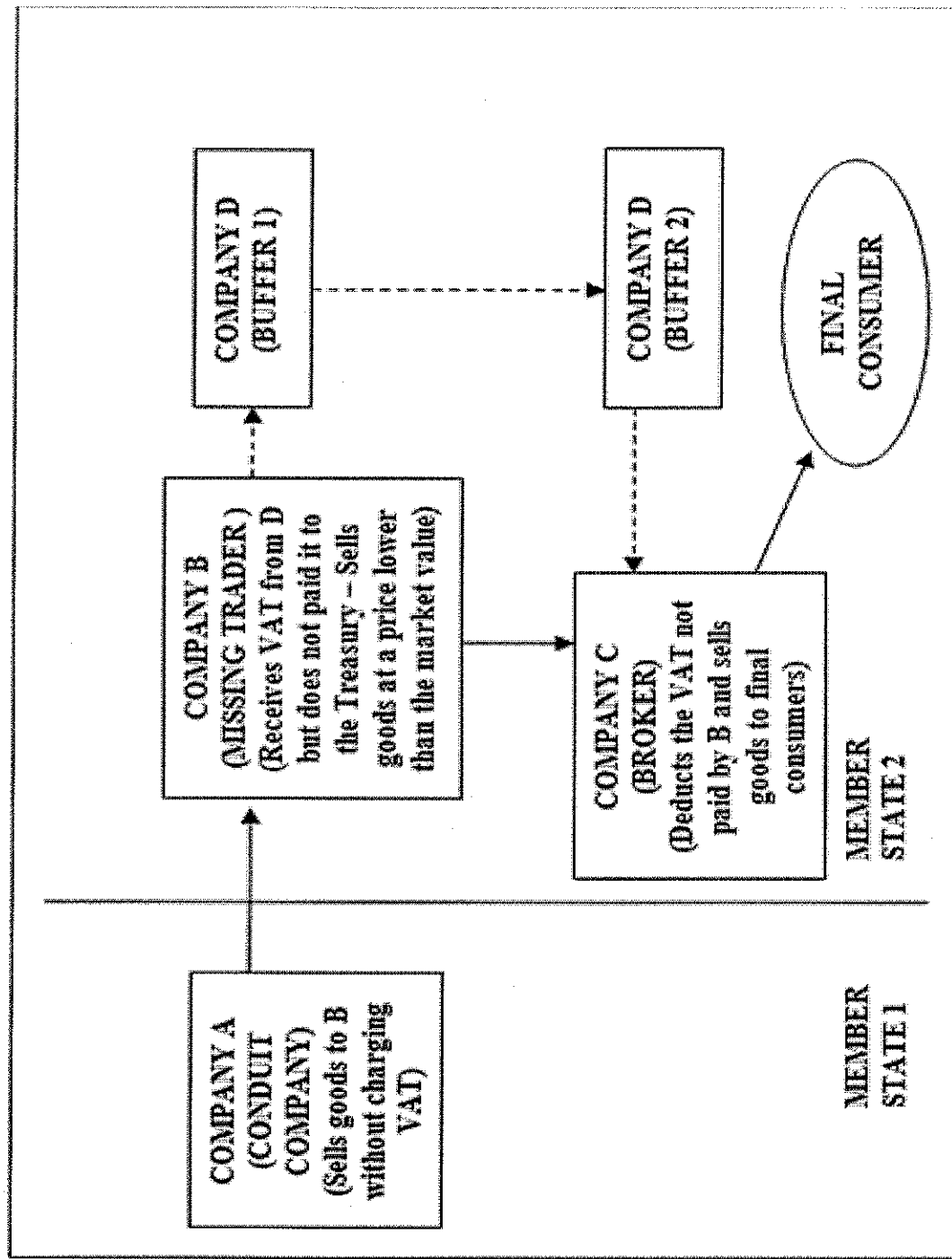
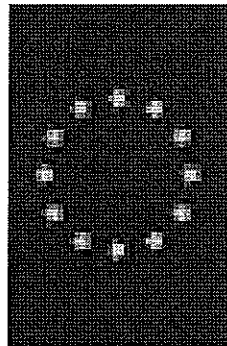
**Fig. 1 : Intra -  
Community VAT  
Carousel Fraud  
basic form**





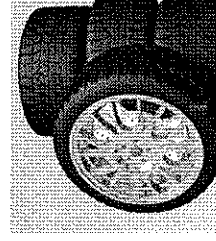
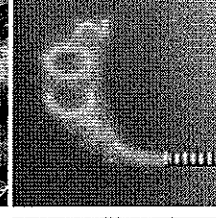
# Missing Trader Intra - Community (MTIC) VAT Acquisition fraud

**Fig. 2 : Intra -  
Community VAT  
Acquisition  
Fraud basic form**



## MTIC VAT carousel fraud : overview

- Impact of the VAT carousel frauds
- Italy affected (mainly) by resident “Missing Traders”
- Main industry sectors :
  - Carbon Emission Allowances and Green Certificates
  - ICT sector (e.g. mobile phone and computer parts)
  - International calling cards
  - Scrap metal
  - Tyres
  - Energy markets (electricity and gas) – currently under analysis



## **MTIC VAT carousel fraud : Response strategy**

The Italian Revenue Agency detection and response strategy to the MTIC VAT fraud is structured in three different stages :

- 1. Prevention of MTIC carousel fraud (AT VAT REGISTRATION);**
- 2. Detection of MTIC carousel fraud (AFTER VAT REGISTRATION);**
- 3. Tackling MTIC carousel fraud (including the recovery of the VAT loss)**

## **MTIC VAT carousel fraud : Prevention**

### **1. Prevention of MTIC carousel fraud (AT VAT REGISTRATION) :**

- ✓ Risk analysis on new VAT identification number
- ✓ Pre - authorization regime (based on the provisions of article 23 of Council Regulation (EU) n. 904/2010)

## **MTIC VAT carousel fraud : Detection**

### **2. Detection of MTIC carousel fraud (AFTER VAT REGISTRATION) :**

- ✓ Central risk analysis
- ✓ Eurofisc Group (Art. 33 of Council Regulation (EU) n. 904/2010)

## ***MTIC VAT carousel fraud : Tackling***

- 3. Tackling MTIC carousel fraud** (including the recovery of the VAT loss)
- ✓ **De - registration procedure** (Art. 23 of Council Regulation (EU) n. 904/2010)
  
  - ✓ **Recovery of VAT loss from other parties involved**

## ***MTIC VAT carousel fraud : the ECJ's role***

Legal basis to recover VAT from "buffers" and brokers :

ECJ Principles : Cause C-354/03, C-355/03 and C-484/03 (12.01.2006) - Cause C-409/04 (27.09.2007) - Cause C-439/04 e C-440/04 (06.07.2006)

**E.G. extracts from case C-439/04 "Kittel" :**

*....a taxable person who knew or should have known that, by his purchase, he was taking part in a transaction connected with fraudulent evasion of VAT must be regarded as a participant in that fraud, irrespective of whether or not he profited by the resale of the goods (point 56)....*

**Consequences:**

No right to deduct input tax (point 61)

## **MTIC VAT carousel fraud : domestic measures**

**Relevant domestic measures** include in the national legislation to tackle MTIC VAT fraud :

- **Art. 60 bis D.P.R. n. 633/1972** : automatic joint and several liability law
- **Internal Reverse charge mechanism** : the RC mechanism has been applied to entire sectors that are considered at risk (i.e. Scrap metal; computer parts; mobile phone; gold, etc..)





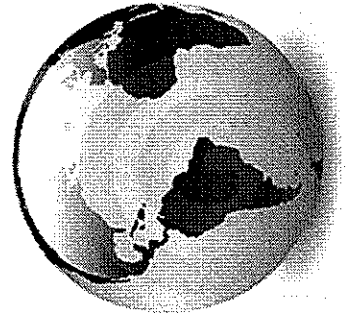
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