

MTIC fraud is one of the **EMPACT** priorities, Europol's priority crime areas, under the 2018–2021 EU Policy Cycle.

Costing revenue authorities around EUR 60 billion annually in tax losses, missing trader intra-community (MTIC) fraud is the theft of value-added tax (VAT) from a government by organised crime groups.

VAT fraud is a highly complex form of tax fraud that relies on the abuse of the VAT rules for cross-border transactions. VAT fraudsters generate billions of euros in profits by avoiding the payment of VAT or by fraudulently claiming repayments of VAT from national authorities.

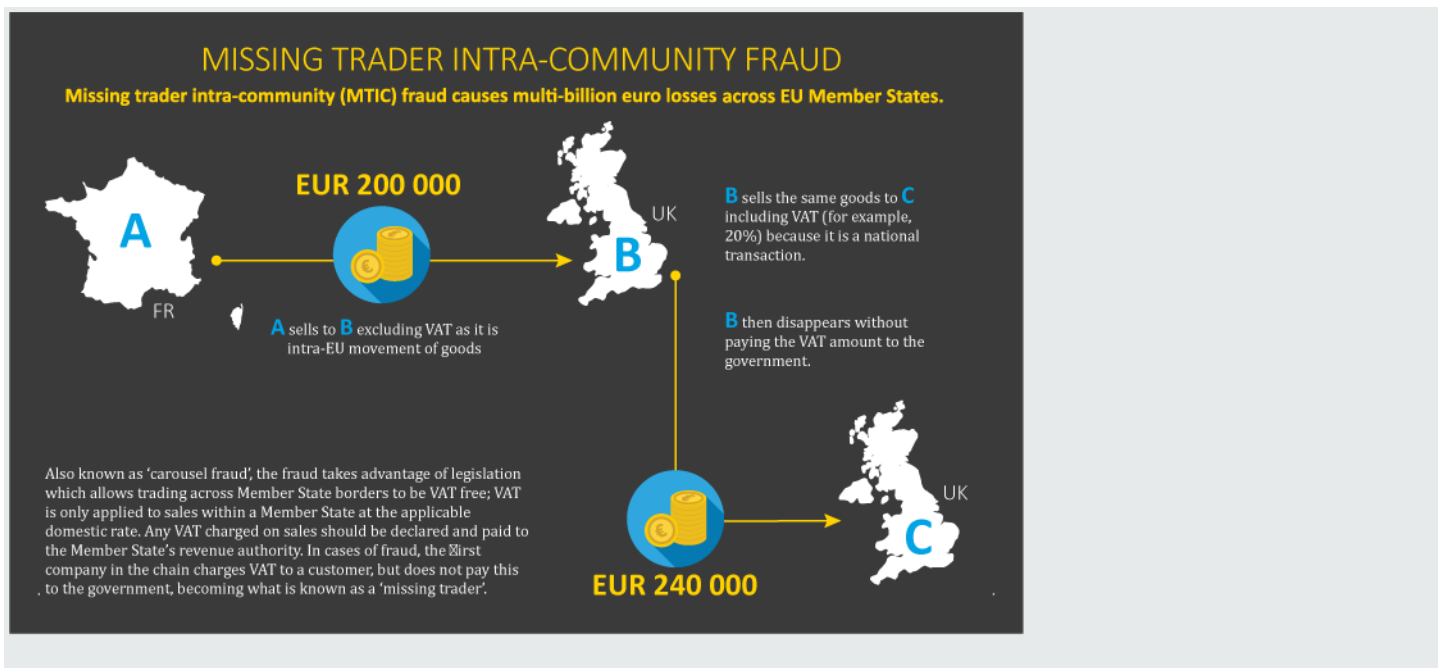
The most common form of VAT fraud is Missing Trader Intra-Community (MTIC) fraud. The basic MTIC fraud model involves organised, sophisticated activities that seek to exploit differences in how VAT is treated in different EU Member States. The criminals create a structure of linked companies and individuals across these states in order to abuse both national and international trading and revenue-accounting procedures.

This crime takes advantage of legislation that allows trading across Member State borders to be VAT free: VAT is applied only to sales within a Member State at the applicable domestic rate. This enables traders to import goods without accounting right away for the VAT. Any VAT charged on sales should be declared and paid to the Member State's revenue authority. In simple MTIC cases, fraudsters sell the goods, charge the VAT to buyers without remitting the value to the tax authorities.

More complex cases of VAT fraud are typically known as carousel frauds. As part of these fraud schemes, goods are imported and sold through a series of companies before being exported again. The first company in the domestic chain charges VAT to a customer, but does not pay this to the government, becoming what is known as a "missing trader". The exporters of these goods claim and receive the reimbursement of VAT payments that never occurred.

Links between participants are disguised to make early detection more difficult. The initial entities responsible for the tax damage, the missing traders, may operate for only a few months before disappearing.

Changes in commodity prices have an impact on the profitability of MTIC fraud schemes involving specific commodities or services. This is particularly true for fraud schemes involving the energy sector and related commodities, which are subject to frequent price fluctuations.



### Expanding activities

Traditional MTIC fraud schemes involve goods such as precious metals, mobile phones or high-value portable electronic items. The more damaging organised crime groups have mutated their activities into intangible markets, such as the environmental and energy sectors.

The activity is not a victimless, "white-collar" crime that affects only governments, however. By depriving EU Member States of tax revenue, the criminals are effectively robbing EU citizens of the means for governments to fund the provision of infrastructure such as schools and hospitals as well as vital public services. Fraudsters often use their profits to fund other forms of criminality, such as [cigarette smuggling](#) or [drug trafficking](#).

### Europol's role

VAT fraud is one of the nine **EMPACT** priorities, the European Union's priority crime areas, under the 2018-2021 EU Policy Cycle.

Europol's [Analysis Project](#) MTIC is dedicated to identifying and dismantling organised criminal networks involved in cross-border VAT fraud, and the tracing and

confiscating of the proceeds of MTIC fraud.

In association with Eurojust, Europol also plays a key role in combatting MTIC fraud by providing expert support to [joint investigation teams](#) (JITs) from Member States.

In an [operation in October 2016](#), prosecution and law enforcement authorities from Austria, Belgium, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland and the UK, supported by Europol and Eurojust, delivered a further blow to an organised criminal group responsible for defrauding EU citizens of around EUR 320 million.

NUMBER OF ITEMS FOUND: 33

SEARCH



TYPE

Article/Story, Event, How-To Guide, Landing Page, Multimedia, News/Press Release, Operation, Page, Publication/Document

TARGET GROUP

SEARCH

CLEAR ALL

15  
Jun  
2016



## ASSET RECOVERY - SUCCESSFUL COOPERATION BETWEEN EUROPOL AND POLAND

NEWS/PRESS RELEASE

## EU POLICY CYCLE - EMPACT



## JOINT INVESTIGATION TEAMS - JITs

20  
Nov  
2015



## STRONG COLLABORATION TARGETS VAT FRAUD

NEWS/PRESS RELEASE

16  
Oct  
2015



## 179 ARRESTS AND 3 TONNES OF COCAINE SEIZED IN INTERNATIONAL OPERATION AGAINST ORGANISED CRIME

NEWS/PRESS RELEASE

11  
Jan  
2013



## FOUR MILLION EUROS SEIZED & 14 SUSPECTED VAT FRAUDSTERS ARRESTED

NEWS/PRESS RELEASE

06  
Jun  
2011



## EUROPOL SUPPORTS DUTCH LAW ENFORCEMENT AUTHORITIES TO CLAMP DOWN ON VEHICLE CRIME

NEWS/PRESS RELEASE

28  
Dec  
2010



## FURTHER INVESTIGATIONS INTO VAT FRAUD LINKED TO THE CARBON EMISSIONS TRADING SYSTEM

NEWS/PRESS RELEASE

09  
Dec  
2009



## CARBON CREDIT FRAUD CAUSES MORE THAN 5 BILLION EUROS DAMAGE FOR EUROPEAN TAXPAYER

NEWS/PRESS RELEASE

◀ FIRST

◀ PREVIOUS

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2

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