OVER €70 MILLION SEIZED IN HUNGARY IN OPERATION BACKBONE

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Financial investigators from the Hungarian National Tax and Customs Administration (Nemzeti Adó- és Vámhivatal) disrupted an organised criminal network for value-added tax (VAT) fraud associated with money laundering.

Six criminals have been arrested. The suspects include a business owner with a large-scale business network, his son, the managing director of the company involved in the fraud and three other people. In total, 16 properties in Spain and 5 in Italy were seized by authorities, several vehicles and other belongings worth a total of €70 million. Given the number of criminal assets seized, Hungarian authorities expect to recover the amount in tax lost from the state budget in full.

On the day of the operation, one of the suspects was caught by financial investigators at the airport when traveling to the Maldives. The operation really began from this point on, as the owner of the company, who was visiting Hungary for a short period, and the Hungarian CEO were arrested also at the airport. Later that day, the owner's son arrived from Dubai and was also detained by the investigators. The operation revealed that several employees had been falsely employed by a temporary employment agency for more money than reported to the Hungarian authorities, which caused millions of euros of losses in VAT and social security tax.

The investigation also revealed that the criminal network was responsible for money laundering, as the profits of bogus transactions were paid out as a dividend (one billion Hungarian forints) to a Cypriot company, then further transferred to a Spanish business in the form of a loan. The financial investigators interrogated the suspects for high-value budgetary fraud, the use of false personal documents and money laundering offences. The criminals each face up to 20 years in prison.

WHAT IS VAT FRAUD?

VAT fraud is a compound form of tax fraud that relies on the violation of the VAT rules for cross-border transactions. VAT scammers obtain 60 billion of euros in criminal profits every year in the EU by avoiding the payment of VAT or by corruptly claiming repayments of VAT from national authorities.

EUROPOL'S ROLE

Europol supported the investigation from the beginning, by providing a secure network for international exchange of information as well as through analytical and operational support in order to detect and report all relevant international hits to the Hungarian authorities.

Europol's Analysis Project on missing trader intra-community (MTIC) frauds is responsible for tackling and identifying organised corrupt networks involved in cross-border VAT fraud.

In 2010 the European Union set up a four-year Policy Cycle to ensure greater continuity in the fight against serious international and organised crime. In March 2017 the Council of the EU decided to continue the EU Policy Cycle for organised and serious international crime for the 2018 - 2021 period. This multiannual Policy Cycle aims to tackle the most significant threats posed by organised and serious international crime to the EU in a coherent and methodological manner. This is achieved by improving and strengthening cooperation between the relevant services of EU Member States, institutions and agencies, as well as non-EU countries and organisations, including the private sector where relevant. MTIC (Missing Trader Intra Community) fraud is one of the priorities for the EU Policy Cycle.

CRIME AREAS	Economic Crime • MTIC (Missing Trader Intra Community) fraud • Money Laundering
TARGET GROUPS	General Public • Law Enforcement • Academia • Professor • Students • Researcher • Press/Journalists • Other
COUNTRIES	Hungary • Italy • Spain
SUPPORT & SERVICES	Operational support • Information exchange • Analysis • Operational